

Financial indices table with columns for Asia, Europe, and US indices.

World News

Business Summary

Pressure grows for sanctions on Panama

US Secretary of State George Shultz added his weight to growing pressure within the Reagan Administration for economic sanctions against the Panama regime of military leader Gen Manuel Noriega.

BAT steps up bid for Farmers Group

BAT INDUSTRIES of the UK, world's biggest private-sector tobacco company, yesterday stepped up its bid for Farmers Group, the US insurer, by making a tender offer to buy the company for \$80 a share.

Nato leaders stress need for strong defence posture

BY ROBERT MAUTHNER AND DAVID DUCHAN IN BRUSSELS

NATO LEADERS yesterday issued a firm declaration stressing the need for the Alliance to adopt a strong and credible defence posture as a basis for further dialogue with the Soviet Union, but also stressing the issue of the modernisation of short-range nuclear weapons in Europe.

The West Germans, meanwhile, were putting a very different interpretation on the communiqué, having translated the key phrase, "kept up to date, where necessary" with "kept in an adequate state, where necessary".

Timetable for Kabul pull-out is settled

BY ROBIN PAULEY, ASIA EDITOR, IN GENEVA

AFGANISTAN AND Pakistan reached an important agreement in Geneva yesterday on the timetable and organisation of the withdrawal of Soviet troops from Afghanistan.



Second time round for UK's Third Force party

By Michael Cassell in London

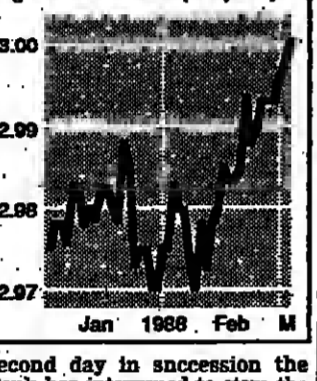
LIBERALS AND Social Democrats finally launched their merged party as a third force in British politics yesterday, facing local government elections as a first test of their challenge to their dominant Conservative and Labour rivals.

Bangladesh violence

Thirteen people were killed and scores injured when rival party workers fought with guns, knives and bombs during elections in Bangladesh.

Missile supply denied

Moscow denied allegations that it supplied Iraq with missiles to attack Iranian cities and said the Kremlin was urging both sides to halt hostilities.



La Générale rivals may seek negotiated solution

BY TIM DICKSON IN BRUSSELS

CLEAR signs that the rival shareholders fighting for control of Sociéte Générale de Belgique, Belgium's most powerful business institution, may now try to negotiate a solution, were emerging in Brussels last night.

The Franco-Belgian "federation" claims to have control over 52 per cent of La Générale's shares, with Sociéte Générale holding 27 per cent.

Hopeful Shultz tries again in Mideast

BY RICHARD JOHNS IN LONDON

MR GEORGE SHULTZ, the US Secretary of State, was returning to the Middle East last night on a second mission still doggedly committed to and cheerfully optimistic about the prospects for obtaining agreement on a peace package in the face of what still seem insurmountable obstacles.

Marseilles port closed

Striking dock workers led by the CGT trade union, closed the port of Marseilles to non-perishable goods in a protest against plans to lengthen the working day and cut back staff, port officials said.

Brazil lowers voting age

Brazil is to reduce the voting age from 18 to 16, adding about 10m voters to the electoral roll.

Israel replaces clubs

The Israeli army replaced wooden clubs, used to beat Palestinian protesters, with fibreglass batons which did not break as easily, an army spokesman said.

South Korea warned

South Korea and other Asian nations were warned by the US that they would face export curbs if they did not end "unfair trading practices." Page 5

Mediator sacked

President Daniel Ortega of Nicaragua dismissed Cardinal Miguel Obando y Bravo as peace talks mediator and named his brother, Defence Minister Humberto Ortega, as his replacement. Page 4

Vatican budget

The Vatican lifted a veil of secrecy over its finances, releasing details of its income and expenses as 10 cardinals discussed the Holy See's cash crisis.

Air miss policy

Britain's Civil Aviation Authority said it would end a policy of official silence over near-misses between commercial aircraft.

Defence plan

Italy's Defence Ministry was putting the finishing touches to a multi-annual procurement plan which would seek to raise equipment spending by about 60 per cent in the next 10 years. Page 3

Manure protest

About 250 Dutch farmers, denouncing tougher regulations on waste disposal, dumped manure in a government office in Assen.



David Steel

Beazer launches \$1.3bn bid for large US aggregates group

BY JAMES SUGHAN IN NEW YORK AND PHELIP COGGAN IN LONDON

C.H. BEAZER, the British building products company, yesterday launched an ambitious \$1.3bn leveraged bid for Koppers, the second largest aggregates group in the US.

RTZ sale to Scancen RTZ, the British-based mining conglomerate, is to sell its cement business to the Swedish-Norwegian concern Scancen for \$250m (\$391m).

ONE TRIP TO PETERBOROUGH SAVED THIS TRAVEL COMPANY OVER £3 MILLION LAST YEAR.

Advertisement for Thomas Cook travel agency, featuring a train image and promotional text about Peterborough.

Table listing contents of the newspaper with categories like Europe, America, Overseas, World Trade, Britain, and Companies.

Advertisement for Commissioner Peter Sutherland, who hopes to secure approval for new controls. Includes a small portrait of Sutherland.

- List of news items including: West Germany: Bannemann presses for cultural changes; Rome: Italian defence plan will boost spending; Panama behind the scenes: Mr Abrams' big moment; Technology: Bedside nursing at the touch of a key; Editorial comment: Disagreements at Nato; Incentives for better training; Politics Today: A party goes in search of empathy; Lombard: A valuation countdown; Lex: C H Beazer/Koppers; BAT/Farmers/RTZ/Shell

American presence in Europe 'must be maintained'

Following are excerpts of a declaration issued yesterday by Nato leaders at the end of their two-day summit meeting.

The purposes and principles of our alliance... The security in freedom and the prosperity of the European and North American Allies are inextricably linked.

The long-standing commitment of the North American democracies to the preservation of peace and security in Europe is vital.

Likewise, a free, independent and increasingly united Europe is vital to North America's security.

The Atlantic Alliance cannot be strong if Europe is weak.

Our aim will continue to be to prevent any kind of war or intimidation.

The search for improved and more stable relations with the Soviet Union and the other countries of Eastern Europe is among our principal concerns.

While seeking security and stability at lower levels of armaments, we are determined to sustain the requisite efforts to ensure the continued viability, credibility and effectiveness of our alliance.

President Francois Mitterrand and Prime Minister Jacques Chirac yesterday gave a clear foretaste of their foreign policy stances in the forthcoming French presidential election.

At a joint news conference, both underlined that it was the first time since the Gaullist era that a French president had attended a Nato summit.

But Mr. Mitterrand stressed the reason why he had chosen to attend was that it was the first Nato summit totally devoted to our conventional and nuclear deterrence.

The search for improved and more stable relations with the Soviet Union and the other countries of Eastern Europe is among our principal concerns.

However, we have to date witnessed no relaxation of the mili-

ary effort pursued for years by the Soviet Union. The Soviet Union persists in deploying far greater military forces than are required for its defence.

We will continue the effort to expand co-operation with the East wherever and whenever this is of mutual benefit.

East-West relations: the way ahead. We have noted encouraging signs of change in the policies of the Soviet Union.

He showed his sensitivity to the West German desire for some further progress in reducing short-range nuclear weapons.

Mr. Chirac also said France would continue to play its full role in the Atlantic-to-Urals conventional force reduction talks in Vienna.

Arms control is an integral part of our security policy.

We seek negotiations not for our own sake but to reach agreements which can significantly reduce the risk of conflict and

make a genuine contribution to stability and peace. The recently concluded INF agreement between the US and the Soviet Union is a milestone in our efforts to achieve a more secure peace and lower levels of arms.

Formally, France is not involved in the Nato wrangling over how and whether to implement the 1983 Montebellona nuclear modernisation accord.

Mr. Chirac also said France would continue to play its full role in the Atlantic-to-Urals conventional force reduction talks in Vienna.

Consistent with their security requirements, the 15 Allies concerned will make use of all possibilities for effectively verifiable arms-control agreements.

A 50 per cent reduction in the strategic offensive nuclear weapons of the US and the Soviet

Union to be achieved during current Geneva negotiations. The global elimination of chemical weapons.

In conjunction with the establishment of a conventional balance and the global elimination of chemical weapons, tangible and verifiable reductions of American and Soviet land-based nuclear missile systems.

The resolution of East-West differences will require progress in many fields.

We agree that the speedy and complete withdrawal of Soviet troops from Afghanistan and the effective restoration of that country's sovereignty would be of major significance.

We hope that at their forthcoming summit in Moscow President Reagan and General Secretary Gorbachev will be able to build upon the progress achieved.

These fully accord with our consistent policy to seek, through high-level dialogue, early and substantial progress with the Soviet Union on a full range of issues.

Improved opportunities for bilateral contacts and co-operation.

Italian defence plan will boost spending by 60% over decade

BY JOHN WYLES IN ROME

MR VALERIO ZANONE, the Italian Minister of Defence, is putting the finishing touches to a multi-annual procurement plan.

The plan will be the first attempt for 13 years to take an overall view of defence procurement related to the country's changing strategic requirements.

The minister's political aim is to secure parliamentary endorsement for his planning approach which could serve both to establish a political consensus and to strengthen the ministry's bargaining position.

Defence officials believe the procurement plan will survive the next political crisis.

Italy spends around 2.7 per cent of its gross domestic product on defence and about 15,000bn a

year on equipment. Traditionally, the requirements of the army, navy and air force have been satisfied more by crude lobbying

power than by any attempt at coherently balancing demands.

But officials say the new plan represents an agreed approach among the three armed services

based on strengthening the air force's missile interception capacity, the army's mobility and field communications and the navy's ability to maintain a fleet whose effectiveness is not continually weakened by refitting and maintenance needs.

The proposals will include the purchase of the US Patriot anti-aircraft missile and of some British Harriers for deploying on Italy's helicopter carrier, the Garibaldi.

A decision on the Harriers has been held up for more than two years by shortage of funds.

Officials say a new air base will have to be built. The Italian government is expected to propose a site in the south of the country, to boost the regional economy.

EC faces up to merger worries as 1992 beckons

BY WILLIAM DAWKINS IN BRUSSELS

THE NEED to have clear EC controls on mergers has never been more pressing. The number of huge cross-border takeovers, some of which threaten to carve up markets or distort competition, is steadily growing.

That, at least, is the argument put forward by supporters of controversial proposals to give the European Commission powers to vet trans-frontier takeovers and demand changes to such deals in advance, tabled a few days ago by the Brussels authorities.

They point to the British Airways takeover of British Caledonia as a prime example of a deal where the Commission might

operations inside the EC, even if the bidder is not European. So long as the deal has an impact inside the EC, it is potentially covered - a concept which also exists in other areas of Community competition policy.

The exceptions are when the company being taken over has annual sales of less than Ecu50m, or when more than three-quarters of the merged groups turnover is in one member state, a clause slipped in to counter fears that the Commission was trying to over-ride the powers of national takeover authorities.

Financial services companies have different criteria: banks and financial institutions are covered if their combined assets are worth more than Ecu100m, while insurance companies are caught if their joint premium income is more than Ecu1bn.

Brussels estimates that, overall, between 100 and 150 deals annually would have to be notified, of which it would change or block maybe two or three.

If the Commission says nothing two months after accepting notification, the merger can go ahead regardless. But if Brussels has objections, it is asking for another four months - a total decision-making time of 6 months after notification - to make a ruling.

The deal must be suspended while Brussels makes up its mind, otherwise, according to the proposal, the Commission can ask for the takeover to be unwound or changed in retrospect.

There is, however, a let-out for public takeover bids, which clearly could not declare an amnesty while Brussels does its investigations. So long as the bidder has warned Brussels, he can go ahead without hindrance - on condition that he does not exercise voting rights on "the shares in question."

One of the most sensitive questions invited by the proposal is just where the Commission is to draw the line on anti-competitive mergers. The answer to that was clarified by an important European Court of Justice ruling on a link-up between two tobacco multinationals.

The ruling said that Brussels should intervene not just where the merger produces an abuse of a dominant position but where it produces or strengthens dominance, defined in the regulation as 20 per cent market share. In making up its mind about distortions of competition, Brussels will also look at "the possibilities of choice of suppliers and consumers... the market position and the economic and financial power of the undertakings," says the regulation.

It would give Brussels apparently Draconian powers to enforce the rules, though in practice they are not very different from what it is already allowed to do to investigate and fine cartels.

This is one of the very few areas where the Commission has a real policing role. Brussels is also asking for the power to mount surprise raids on the companies involved, seize books and records and demand explanations on the spot.

While the rules might give Brussels more power than some national anti-trust authorities would like, they have been given a cautious welcome by industrial lobbies. In Brussels on the grounds that compared to existing competition rules, they are at least relatively clear.



Sutherland: hopes to be substantially down the road to winning approval for new regulations by June

need to intervene to enforce fair competition.

At the same time, Mr Carlo De Benedetti's onslaught on Societe Generale de Belgique or the offer by Pearson, the UK publishing group, for Les Echos, the French business daily, are examples of takeover attempts that have met national legal and political barriers.

Whether the regulation, put forward by Mr Peter Sutherland, the European Commissioner for competition policy, will really work out like that is another matter.

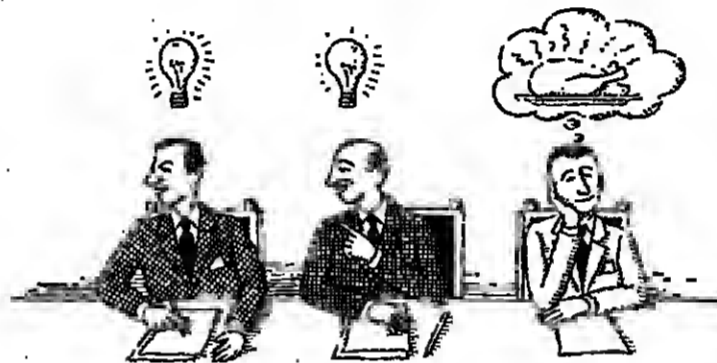
An earlier scheme was blocked by British and French fears that it would add an unnecessary and cumbersome new layer of bureaucracy.

Brussels' new merger control plan tries to answer these worries by making the Commission vet mergers faster than proposed earlier and by keeping its nose out of deals that are of purely national importance.

So when it comes before EC trade and industry ministers at a meeting on June 22, Mr Sutherland hopes "to be very substantially along the road" to winning their approval, needed to put the scheme into effect.

Under the proposal, nearly all mergers, takeovers or joint ventures with combined annual turnovers of more than Ecu1bn (€690m) must automatically notify a Commission merger control unit before going ahead with the deal.

He who has not eaten thinks of little else.



As the meeting discussed the rising cost of raw materials, a vision passed before Wilkinson.

Not the delectable Ms. Honeyfeather. But a plate of perfectly sliced Parma ham folded between fragrant slivers of Charentais melon.

Then a halibut swam into view as Smithson spoke cogently about North Sea oil prices.

"How will this affect our sales in France, Wilkinson?"

"Boeuf Bourguignon!" he blurted. "With sauté potatoes and petits pois, washed down with a Beaujolais Villages '85."

Wilkinson, unfortunately, had not followed his colleagues' advice to travel to the meeting First Class on InterCity.

Not for him the luxury of attentive waiters serving food and drink at comfortable tables.

No second helping of toast for him, no coffee cup re-filled at the hint of a nod.

No choice of traditional Grill Tray or Continental Breakfast.

He had gone by car.

He had not allowed for contra-flows and road works.

He was tired, tattered but above all famished.

The Chairman leaned across, eyebrows half raised, a question forming on his lips.

Wilkinson anticipated him with what he felt was a stroke of genius.

"Coq au Vin!" he crowed.

INTERCITY

OVERSEAS NEWS

Arabs want to take all Israel, claims Shamir

BY ANDREW WHITLEY IN JERUSALEM

MR YITZHAK SHAMIR, the Israeli Prime Minister, has denounced King Hussein of Jordan for allegedly endorsing "the most extreme" position in the Arab world.

He also repeated long-standing Israeli charges that the Arabs would not be satisfied with recovering the territory lost in 1967, but wished to occupy all of modern Israel.

Speaking on the eve of yesterday's resumption of the peace mission of Mr George Shultz, the US Secretary of State, the right-wing leader insisted that he would not budge from the provisions of the US-brokered Camp David accord of 1978 with Egypt.

MEDIA'S ROLE IN THE PALESTINIAN UPRISING CRITICISED

Israel blames press for its woes

BY ANDREW WHITLEY

A PRINTING press in a West Bank Jewish settlement has begun distributing car stickers in English saying "TV - Press", free of charge. Dozens of others have already snapped up the boldly printed posters, to display prominently on their windshields when making their hazardous daily journeys through Arab villages.

"It works," boasts Mr David Kapach, owner of the Ofra press, whose headline it was. "The Arabs don't attack the press. From now on, all anti-peace demonstrators will have to plaster their cars with similar placards, in English and Arabic.

Prime Minister Yitzhak Shamir is known personally to favour hounding the press entirely from the West Bank and Gaza. He first raised the idea informally with Chief of Staff Dan Shomron several weeks ago, only to be reluctantly persuaded that such a ban would be impossible to enforce.

Local unit commanders have until now been given considerable discretionary authority to declare districts to be "closed military areas" on an ad hoc basis, preventing journalists from entering the occupied territories.

Local unit commanders have until now been given considerable discretionary authority to declare districts to be "closed military areas" on an ad hoc basis, preventing journalists from entering the occupied territories.

Victor Mallet reports from Nairobi on Moi's efforts to clean up his country's image

Fragile stability returns before Kenyans vote

AFRICAN elections are usually chaotic affairs, and Kenya's general election on March 21 is no exception. Only one political party, the ruling Kenya African National Union (KANU), is allowed to participate, and President Daniel arap Moi has been firmly entrenched since the end of February in his third term as head of state. No-one stood against him.

There is little doubt among diplomats in Nairobi that at the age of 54 the pro-Western Mr Moi, who succeeded Mr Jomo Kenyatta in 1978, is much more confident and politically more secure than he was a year ago.



Moi: unpredictable and wily

Faced with such clear-cut results, the unanticipated might expect the Kenyan parliamentary election to be conducted with an air of quiet resignation.

Following the hurried and sometimes irregularly conducted trials of more than 70 people suspected of belonging to the underground socialist movement, Mwaikarya (a Swahili acronym meaning the Union of Nationalists to Liberate Kenya), the government seems to think it has reduced the threat of subversion to an acceptable level.

While it is true that matters of national policy are barely mentioned, let alone debated, personal clashes and controversial local issues in each constituency ensure that campaigning is vigorous and sometimes violent.

After weathering an international storm over the country's human rights record, the unpredictable and wily Mr Moi has yielded some ground to his critics by releasing other detainees, encouraging a clean-up of a police force notorious for mistreatment of prisoners, and moving aside his hard-line Security Minister, Mr Justice Ole Tipla, to the Ministry of Works, Peace, and Labour.

After real growth of 5.7 per cent in 1986, Kenya suffered last year from a halving of its coffee export revenues, costlier oil imports, and poor rains. The economy probably grew by less than 5 per cent, only just ahead of the population growth rate of 4 per cent - which is thought to be the highest in the world.

Rival supporters clash in Bangladesh election

SUPPORTERS of rival candidates fought each other in a tense atmosphere as they gathered in the Bangladesh capital during parliamentary elections yesterday, and observers reported voting irregularities, including the theft of ballot boxes, AP reports from Dhaka.

West German hostage freed

THE CAPTORS of Mr Ralph Schray, a West German hostage, freed him at dawn yesterday. He was handed over by Syrian intelligence officers, who escorted him to Damascus via the Syrian-controlled town of Latakia in the Bekaa plain.

Soviet gold expert to tell all in Hong Kong

IT IS uncertain why the Hong Kong Government decided to make an unprecedented exception of Mr Ulianov. Hoog Kong allows no diplomatic representation from Soviet bloc officials, and has long refused entry into the territory by Soviet bloc officials, apparently at the behest of Beijing.

AMERICAN NEWS

Ortega fires peace talks mediator

BY CHARLES COSTELLO IN MANAGUA

NICARAGUAN President Daniel Ortega yesterday unexpectedly dismissed Cardinal Miguel Obando y Bravo as mediator in the peace talks and named his brother, Defence Minister Humberto Ortega, as his replacement.

Brazilian salary measures rejected

BY IVO DAWAY IN RIO DE JANEIRO

EMERGENCY measures to contain Brazil's public sector salary bill have been rejected by the Government despite dire warnings from the country's Finance Minister, Mr Milton da Nobrega.

Mr Abrams' big moment

MR ELLIOTT ABRAMS, the US State Department official in charge of Latin American affairs, has proved that, in Washington at least, there is life after death.

Greenspan gives warning on interest rates

INTEREST rates in the US are unlikely to fall unless Congress can reduce the federal deficit faster than is required by the Gramm-Rudman programme, Mr Alan Greenspan, the chairman of the Federal Reserve, warned yesterday, writes Anthony Harris in Washington.

Dole campaign receives boost ahead of primary

REPUBLICAN presidential candidate Robert Dole won the backing of former IN Ambassador Jesse Kirkpatrick yesterday, giving his campaign a boost two days before the South Carolina primary election. Reuter reports from Washington.

Paying the high price of greed

Foreign investment is changing the face of the US, but not for the better say authors Susan and Martin Tolchin

A "TIDAL WAVE" of foreign investment washing over the US is quickly eroding the country's economic and political power, according to a new book called 'Paying into America', Reuter reports from Washington.

US tax proposal

Democratic US Senator William Proxmire is to introduce legislation to remove a US tax law provision that lets Americans working abroad exclude up to \$70,000 of income from being taxed, Reuter reports from Washington.

Foreign investment is changing the face of the US, but not for the better say authors Susan and Martin Tolchin

"Our policymakers are only looking at the beneficial side and don't want to look at the problems. Our political and economic independence is being slowly compromised by all of this," she said.

US tax proposal

"What I find in Bob Dole is a rock-solid seriousness and a demonstrated capacity to lead, not just to take instructions," she said in a dig at Mr Bush's long list of appointive positions in government.

Lionel Barber on Washington's behind-the-scenes operator on Panama

Paraguay, Panama is his big moment. But Panama also presents big risks. While some believe Mr Abrams has in mind a Philippine-style transition to democracy, others argue that the two countries have little in common. The Philippines opposition to Ferdinand Marcos was far better organised than the present efforts in Panama City; furthermore, the Panamanian armed forces do not appear to suffer from the kind of splits in the Philippines military which eventually helped Mrs Corason Aquino to power.

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McDonnell will back production deal with Airbus

BY DAVID MARSH IN BONN

McDONNELL-Douglas, the US aircraft manufacturer, has welcomed the prospect of joint production with the European Airbus Industrie group to challenge Boeing.

Mr Jim Worsham, chief executive of Douglas Aircraft Company, McDonnell-Douglas's civil aviation arm, said he was "very encouraged" by Tuesday's call from the Airbus partners for arrangements for fresh talks on collaboration between the two sides.

Mr Worsham believed that co-operation would be "a win, win, win situation. It would be a win for Airbus Industrie, a win for McDonnell-Douglas and a win for the aviation industry... We very much hope it will happen."

While not wanting to prejudice the outcome of talks, which he said would start soon, Mr Worsham said a successful outcome would be a "win-win" situation for trade war between Europe and the US over government financial support for Airbus.

"I would think that if Airbus and McDonnell-Douglas were to work together on a family of aeroplanes, part-US, part-European, then we wouldn't have anything to fight about."

Proposed co-operation would be unlikely to fall foul of US anti-trust regulations - a point which has been worrying some European government officials.

"Whatever we do would be discussed and worked out with the anti-trust people," he added. Mr Worsham has been the chief participant from the US company during six years of sporadic talks with Airbus over co-operation.

The decision by ministers from

West Germany, France, Britain and Spain to give Airbus a firm mandate for talks amounted to a rejuvenation of collaboration efforts, he was told.

The ministers have asked Airbus Industrie to press for an accord with McDonnell-Douglas by June.

Mr Worsham said discussions would probably centre on the possibilities of joint production of 100-130 seater aircraft and an aircraft in the 400-seater range to compete with the Boeing 747.

There was no question of McDonnell-Douglas giving up its commitment to the MD-11 long-haul aircraft which is a direct competitor to the planned Airbus A-340. The MD-11 has suffered lately from some loss of airline support, but it still had 31 firm and 14 conditional orders.

However, McDonnell-Douglas would be willing to use spare production capabilities in southern California to help Airbus produce its A-320 short-haul airliner, as well as, possibly, its planned A-330 short-to-medium haul aircraft.

Airbus has been seeking a way to lower costs and ease access to the US market. "We could find the facilities and the where-withal," and any joint venture agreement would also include provision for joint engineering and production in European factories.

"The only way this will work would be if both sides give and take and come up with an agreement that would be better than if we went our own way."

Yeutter warns S Korea on sanctions

SOUTH Korea and other Asian nations will face export curbs if they do not end "unfair trading practices", warned Mr Clayton Yeutter, US Trade Representative, Reuter reports.

"Countries that have benefited from the relatively open markets of the US are in danger of killing the goose that lays their golden egg if they do not liberalise their trade policies."

US complaints against South Korea included closed markets, inadequate protection for intellectual property rights, and curbs on foreign banking and shipping.

Mr Yeutter's speech was prepared for delivery to the US-Korean Society in New York, and released by his office on Wednesday.

Asian nations, including Japan, Taiwan, Hong Kong and South Korea, have made massive inroads into the open US market, and have run up huge trade surpluses with the US, Mr Yeutter went on.

As US-South Korean trade grew, so did trade frictions, but the US would treat Korea as evenhandedly as its other major trading partners.

However, "we will be aggressive with respect to important restrictions, particularly when we perceive them to constitute unfair trade practices."

Soviet demands for low interest rates could prove problematic, says Peter Montagnon

UK exporters brace for credit rule change

UK EXPORTERS are bracing themselves for changes to international export credit rules this summer which could affect their prospects of signing up new project business in the Soviet Union.

From July, according to new rules agreed last year at the Organisation for Economic Co-operation and Development in Paris, export credit agencies will no longer be able to offer subsidised finance in richer countries like the Soviet Union. Instead all new credits will have to be at market related rates.

Because British interest rates are relatively high by international standards this could pose a general problem for UK exporters. But it is particularly difficult in the case of the Soviet Union, which has traditionally demanded low interest credit in the currency of the country from which it is buying.

When it signed a major trade finance protocol with the Export Credits Guarantee Department (ECGD) last year, the Soviet Union separately set a rate of 7.8 per cent on medium term credits in sterling. The difference between this rate and the permitted minimum export credit rate of 9.8 per cent was to be made up by exporters through a premium on the price of the deal they were offering.

Since then the official rate has risen to 11.4 per cent, and from July no subsidies at all will be

permitted. So exporters are asking whether they will eventually have to dig even deeper into their own pockets to help finance their deals with the Soviets.

Many are assuming, however, that the immediate impact of the change will not be all that dramatic. The market reference rate for sterling calculated by the OECD, at which export credits will be priced from July, is currently 10.5 per cent - only fractionally higher than the present official minimum on export credits. It will also be possible for ECGD to offer a six month commitment on the subsidised rate right up till just before the rule change comes into effect.

Exporters hope this will delay the impact of the change, while the two sides explore options such as financing in other, lower interest currencies - it has already agreed to accept Ecu-denominated loans under the protocol. ECGD would like it also to consider floating rates.

"The Soviet Union has been becoming more flexible, and I think more realistic, in its appraisal of the real cost of financing in various different currencies," says Mr Tony Bruce, Marketing Director of John Brown Engineering which has already signed a \$148m deal for a polypropylene plant at Budyonnovsk under the protocol.

That deal was both denominated and financed in US cur-



UK exporters remain cautious about prospects for a sustained increase in exports to the Soviet Union partly because of the changes in Russian trade practice but also because of the end of subsidised export credits.

Bankers believe that some \$400m-worth of large projects is now under serious consideration with a further \$500m in smaller orders also potentially in the pipeline. Among the larger possible orders is a bid by John Brown for further polypropylene plant modernisation at Budyonnovsk and Kazan.

Yet the mere existence of the protocol does not guarantee business going to the UK. Davy Corporation lost a major polyester plant order last year when its price was undercut to the tune of 30 per cent by Nishio Iwai of Japan. It is now bidding to build a different fibre plant at Kursk, but once again market rumours suggest it may be undercut.

Partly because of this, UK exporters remain cautious about prospects for a sustained increase in business. The caution has as much to do with intense international competition for Soviet orders and the changing nature of Russian trade practice as with the end of subsidised export credits.

Exporters are, however, concerned that the export credit changes could put Britain at a disadvantage, especially if, as many fear, UK interest rates are set to rise. Mr Chris Siegl, John Brown Project Finance Manager, puts it bluntly. "If UK rates rise, he says, "other countries will be able to offer attractive rates. We won't."

DAT row solution 'in sight'

By David Thomas

THE Western music industry believes a solution is in sight to the long-running row about the introduction of digital audio tape, a revolutionary system developed by the Japanese.

The music industry fears that DAT will drain its copyright income because it allows almost perfect copying from a compact disc.

It has been lobbying the European Commission, and the US Government for laws forcing manufacturers of DAT hardware and software to include an anti-copying device developed by CBS, the US-based music company now owned by Sony of Japan.

Japanese hardware manufacturers have held back from a general launch of DAT in Europe and the US while the row remained unresolved. Meanwhile, DAT's progress in Japan has been slower than expected partly because the western music companies have refused to make their repertoire available for pre-recorded DAT tapes.

The International Federation of Phonogram and Videogram Producers (IFPI), yesterday finally accepted that the CBS device could not provide a solution to the dispute.

However, the IFPI believes that bilateral talks between European and Japanese manufacturers, led by Sony and Philips of the Netherlands, are close to an agreement.

They have been exploring the possibility of recommending that a copy-limiting device should be placed in all DAT machines.

One possibility is a device developed by Philips, which would allow a DAT copy to be made of a compact disc, but would prevent further copies being made of the copy.

Another possibility, backed by the Recording Industry Association of America, the US trade association, would prevent a specific compact disc being copied more than once by a DAT machine.

Swedes aim to tighten arms curbs

THE Swedish government plans to introduce tougher controls for weapons exports later this month in a proposal to parliament, Sara Webb reports.

The decision to exercise more control over weapons exports follows the investigation into whether a leading Swedish weapons manufacturer has been illegally exporting arms to countries considered out-of-bounds.

In addition, police have started investigations into whether another arms manufacturer also illegally exported weapons via Britain.

Under the existing law, Swedish companies cannot export weapons to countries which are at war or in areas of conflict, such as the Middle East.

The new law would also make it illegal for companies to market weapons in these areas without first informing the government.

It would introduce stricter regulations concerning the export of components for weapons, which in future would require end-user certificates to say where they were destined.

The government has proposed that any country found guilty of re-exporting Swedish weapons to countries considered out-of-bounds, would be put on a black-list and further exports prohibited.

The government has also proposed closing a loophole in the Swedish legislation which allows Swedish middlemen or agents to sell arms to prohibited countries.

To help improve the control processes, the government has decided to place more resources in the customs department by increasing the number of staff working at the armaments inspection office where applications for weapons exports are handled.

Last year, Swedish weapons exports almost doubled to SKr3.2bn (£296m).

EC anti-dumping probes jump by almost 50%

BY WILLIAM DAWKINS IN BRUSSELS

THE number of anti-dumping inquiries opened by the European Commission jumped from 24 to 34 between 1986 and 1987, according to estimates released by the Brussels authorities yesterday.

That compares with 26 new anti-dumping investigations in 1985 and 39 the previous year, according to the latest report on dumping. They include inquiries into Yugoslavian steel imports, South Korean microwave ovens, and East German polyester fibres.

Although the number of cases appears to be declining, the financial importance and political sensitivity of EC anti-dumping cases is increasing. The 1988 batch included an investigation into more than Ecu 1bn-worth of photocopier exports from 12 Japanese companies, the EC's biggest such inquiry.

Last year's new inquiries include three, into EC-assembled electronic typewriters, mechanical excavators and electronic

weighing scales, which for the first time uses a new EC trade law extending anti-dumping duties from assembled imports to imported components.

The aim is to stop importers circumventing conventional anti-dumping duties by using assembly plants fed with a high proportion of dumped components.

Another outstanding feature is the growing prominence of Japanese, and South Korean companies as sources of EC trade rows. Japanese-made products accounted for eight - nearly a quarter - of last year's inquiries, while South Korea was at the source of another four.

Of the 68 anti-dumping investigations actually under way in 1986 - the latest year for which comprehensive figures are available - four ended with the imposition of definitive duties, while 25 concluded with price undertakings. The rest ended without any penalties being levied.



They'll be amazed at Mazda on March 10th.

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UK NEWS

Independents lead oil-search awards

BY STEVEN BUTLER

INDEPENDENT OIL companies led the second round of onshore oil-exploration licence awards announced yesterday by Mr Peter Morrison, Energy Minister.

The Energy Department awarded 60 exploration licences to 73 companies for acreage in England, Scotland and Wales, from 79 applications, based on proposals to explore the block.

The independents include Enterprise, Aran Energy, Lasso and Sovereign Oil & Gas, and many lesser-known companies.

The minister said this round of awards was notable for the many smaller companies, some new to the UK onshore scene.

British Petroleum, Shell, Amoco and Fina were also

awarded licences. British Gas and Conoco are participants in several licence groups.

Missing from the successful applicants list were Carless, Capel & Leonard, which has been an active operator in UK onshore exploration, and Britoil.

Onshore UK drilling activity last year fell to 17 exploration and appraisal wells, compared with a record 26 in 1986, according to statistics from the oil services department of James Capel, stockbroker.

UK onshore oil output last year rose to 11,200 barrels a day, compared with 10,200 b/d the previous year and an average of 2,47m b/d offshore.

US-bound uranium stalled

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

BRITISH NUCLEAR Fuels (BNFL), the state-owned processing and research company, yesterday abandoned attempts to ship four containers of enriched uranium to the US through the port of Liverpool.

The cargo had been stranded in Liverpool since last week, when dockers refused to handle it because of allegations that it contained uranium from Namibia, the former German colony administered by South Africa.

BNFL said the containers had been returned to its processing plant at Springfields, near Preston, while negotiations were held with the dockers.

The company said it would probably try to move the cargo through another port if the Liverpool dockers continued to refuse to handle it.

The most likely outlet would be Felixstowe, the fast-growing East Coast port owned by FerriStar and Oriental Steam Navigation.

State to charge companies for merger adjudications

BY DAVID CHURCHILL, CONSUMER INDUSTRIES CORRESPONDENT

THE GOVERNMENT yesterday announced surprise plans to charge companies involved in mergers and acquisitions for the costs incurred by the UK's merger control process.

Mr Francis Maude, minister for corporate and consumer affairs at the Department of Trade and Industry (DTI), said that the charges were likely to be between £5,000 and £15,000 per merger, although he admitted that they could be as high as £50,000 for larger mergers.

Details of the charge system have still to be finalised, although they are most likely to be levied on the acquiring company in a merger or takeover.

Legislation will be introduced as soon as possible to impose the charges as well as to bring about moves to simplify and speed up

the merger control process.

The changes were announced yesterday in a DTI paper on merger control, most of which had been foreshadowed by Lord Young, Trade and Industry secretary, in the White Paper in January on Improving Enterprise in British Business.

The proposals to charge companies involved in mergers were not, however, included in the White Paper.

The plans were last night strongly condemned by the Confederation of British Industry (CBI), the employers' organisation.

The CBI, which had not been consulted on the proposals, said that "this is an unjustified tax on enterprise."

It added: "We are astonished that the Government should

decide to go down this path. Business is already paying through taxation for Government merger regulation in the public interest - why should they have to pay it twice?"

The merger control process costs the Government about £1m a year, spread between the Office of Fair Trading (OFT) and the Monopolies and Mergers Commission (MMC).

Up to 400 mergers a year are scrutinised by the OFT but only an average of about six a year are actually referred to the commission for a full investigation to determine the public interest.

Mr Maude justified the imposition of charges yesterday as being a small price to pay for the improvements in the merger control process which companies had been seeking.

CAA to publicise air misses

BY MICHAEL DOWNE, AEROSPACE CORRESPONDENT

THE CIVIL AVIATION Authority (CAA) is to publicise aircraft near-misses as a matter of routine as part of a package of measures aimed at providing re-assurance about air safety over Britain.

The proposals were described

as "cosmetic" by the Institution of Professional Civil Servants, which represents most UK air traffic controllers.

They follow growing concern about safety spearheaded by complaints from air traffic controllers about inadequate equipment and staffing.

Well-publicised incidents involving near-misses have emanated from the air traffic controllers.

The CAA, which governs the National Air Traffic Services, has as a matter of policy provided neither confirmation nor denial.

Life insurers act to limit impact of AIDS claims

By Eric Short

ALL MEN seeking life insurance where the cover level is at least £75,000, will in future be required to complete a supplementary life style questionnaire, irrespective of whether they are married or single, under recommendations made by the Association of British Insurers (ABI) to member life companies.

If the cover level is at least £150,000 then under the recommendations, all men would be required to have an automatic blood test.

The proposals represent a major step by the ABI to deal with the problem of AIDS (Acquired Immune Deficiency Syndrome) in life insurance underwriting. The requirements are far more widespread than steps taken to date.

The main change is to require all men to provide information or undergo HIV blood tests.

Up to now these requirements have only applied to single men seeking life insurance and the limits were much higher - £250,000 for automatic blood tests.

Although the recommendations were agreed by a large majority at the last ABI Life Insurance Council meeting, many companies will study them "with caution" with regard to practicality.

TUC recommends checks on strike-free agreement unions

BY PHILIP BASSETT, LABOUR EDITOR

LEADERS OF THE Trades Union Congress are recommending new restrictions on unions signing strike-free, single-union deals with employers in a move which seems likely to promote fresh divisions within the union movement.

The recommendations are contained in a draft first report from the TUC's special review body, set up by the annual Trades Union Congress meeting last year to try to find a solution to the growing problem of such agreements and, more generally, of increasing non-unionism.

Some TUC-affiliated unions, especially the EETPU electricians - already under threat of suspension over a separate issue - and the AEU engineering workers, which have signed most of these deals, are likely to object bitterly to the recommendations at a meeting of the review body on Monday when they are to be discussed.

Among the report's main recommendations are:

- New powers for the regulation of relations between unions, especially concerning strike-free, single-union agreements.

- Increased contacts with employers.

- Promotion by the TUC of union services, including financial services and pensions.

- Pilot schemes analyse labour markets to help recruitment in non-union companies.

- More promotion of trade unionism, especially among women and young people.

The report acknowledges that "in a period of adversity, unions and the TUC need to concentrate on certain basic tasks such as representing existing members, organising new members, building stable and mutually productive relations with employers."

In its final version, the report is likely to be part of the TUC's report to this year's Congress.

Major balance sheet changes proposed

BY RALPH ATKINS

A RADICAL plan to restrict UK companies' ability to hide assets and liabilities from their balance sheets was published by the Accounting Standards Committee (ASC) yesterday.

The draft standards proposed by the ASC breaks fresh ground in company reporting practice. Instead of detailing specific guidelines for acceptable company reporting practice, it sets out a general concept which could be applied in a variety of situations.

However, the proposal is likely to cause controversy among finance directors, accountants and lawyers because of the extra responsibility it gives auditors in interpretation of standards.

The proposal is designed to halt the growing use of off-balance-sheet finance which is used to improve the appearance of companies' finances. The device allows companies to have responsibility for assets and liabilities, but not show them in accounts.

Last year a report by the Institute of Chartered Accountants in England and Wales said billions of pounds were invested in these schemes, which make it hard for investors to assess a company's true position.

The ASC, which represents six accountancy bodies in England, Wales, Scotland and Ireland, has invited comment on its proposal by July 31.

Standard Chartered libel action against FT settled

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A LIBEL action by Standard Chartered Bank over a Financial Times article that could have been read as implying that the bank orchestrated an unlawful share support operation during its opposition to a takeover bid by Lloyds Bank was settled in the High Court yesterday.

Mr Andrew Caldecott, for Standard Chartered, told Mr Justice Hobhouse that the £1.5m Lloyds bid failed in July 1986, because of lack of support from Standard Chartered's shareholders.

A Financial Times article in February 1987, headed "Standard Chartered lent to the buyers of its shares," stated that four key purchasers of Standard Chartered shares each had about £100m in loans from Standard Chartered at the time the takeover bid was being defended and that "additional loans to one particular supporter... were approved as part of a carefully planned and orchestrated share support operation."

The article had gone on to refer to Companies Act prohibitions against companies giving financial assistance for the purchase of their own shares except in limited circumstances, but failed to mention that the lending of money in the ordinary course of business was exempted.

Mr Caldecott said that Standard Chartered had read the article as clearly alleging that it had given unlawful financial assistance to purchasers of its shares in breach of the Companies Act.

Standard Chartered had asked the Bank of England to carry out an investigation. The investigators had concluded that Standard Chartered had not provided illegal financial assistance, and that there had been no concert party and no breach of company or banking law.

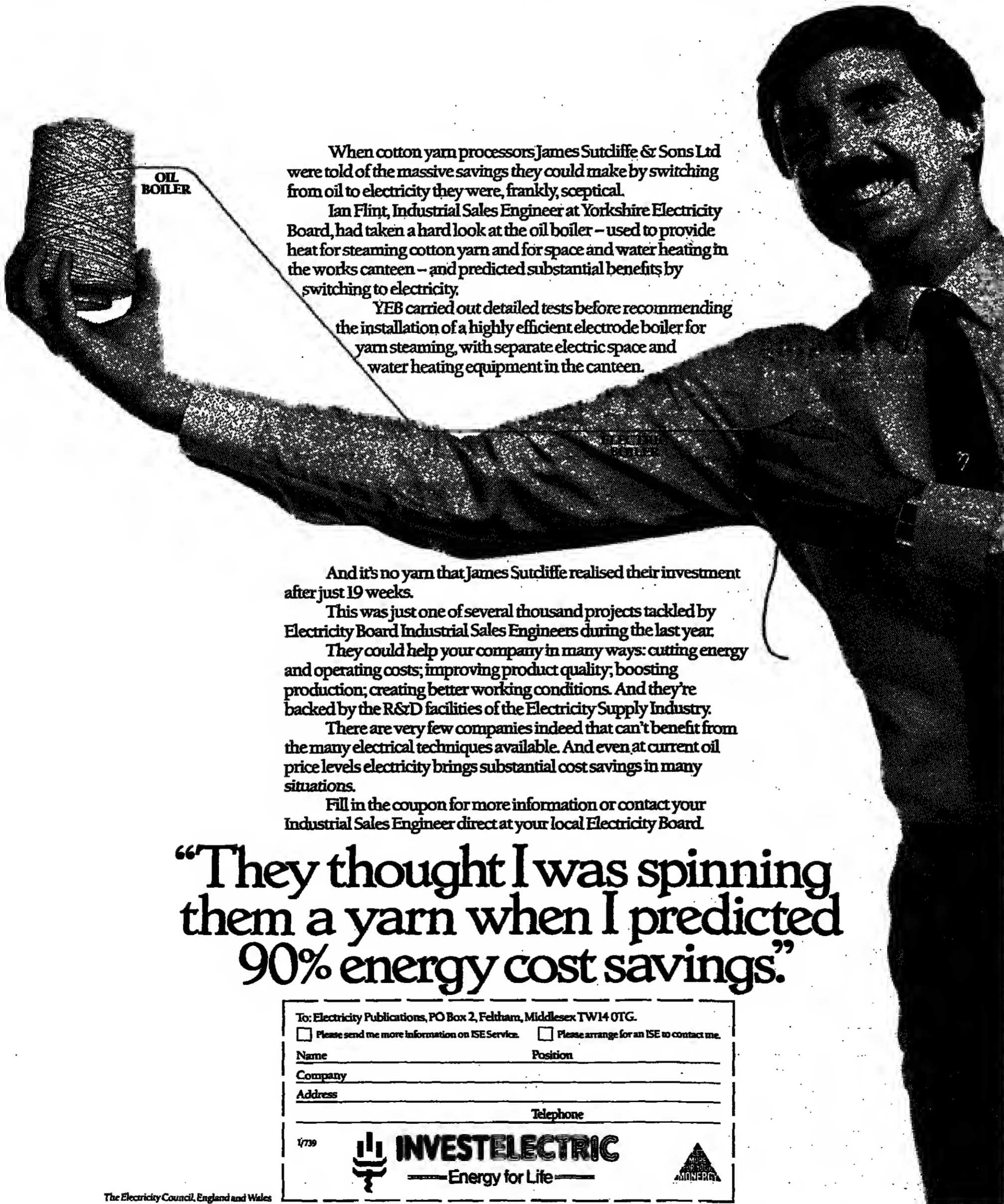
Mr Caldecott said that the Financial Times had intended to suggest that there had been important questions to be answered as to whether there had been any breach of the Companies Act.

The newspaper accepted without reservation that those questions had now been conclusively decided in favour of Standard Chartered by the investigation.

Having been vindicated, and received a contribution from the Financial Times to its legal costs, Standard Chartered was content, Mr Caldecott said.

Miss Adrienne Page, for the Financial Times, said it regretted any damage and embarrassment caused to Standard Chartered by the article.

Although it had only intended to convey that there were important questions to be answered, it accepted that the article could imply that Standard Chartered had, in fact, been guilty of unlawful conduct.



OIL BOILER

When cotton yarn processors James Sutcliffe & Sons Ltd were told of the massive savings they could make by switching from oil to electricity they were, frankly, sceptical.

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UK NEWS

Oxford Review questions long-term recovery claim

By Philip Stephens, Economics Correspondent

BRITAIN'S economic performance has improved significantly over the past few years but there remain question marks over the Government's claim that it has achieved a durable reversal of the economy's long-term relative decline.

A series of studies of Britain's economic history over the past 100 years, published yesterday in the Oxford Review of Economic Policy, identify a number of areas where the thrust of economic policy since 1979 should bring long-term gains.

The studies by several leading academic economists suggest, however, that many of the key problems - inadequate research and development, poor training, insufficient competition - remain unresolved.

They conclude that the record of the Thatcher Government should be judged not simply against that of the 1970s, when the economy suffered a number of external shocks, but over a much longer time-scale.

And while conventional wisdom treats the last 100 years as a period of almost continuous economic decline, the record in practice is not "uniquely or uniformly dreadful."

History also provides ample reason to discard the notion often

favoured by politicians that there is any "simple panacea" for reversing relative decline.

The late Victorian and Edwardian economies, for example, were lightly taxed but were outperformed by other countries.

The review argues that the Government should be given credit for placing the emphasis of its strategy on improving the supply side of the economy.

The weaknesses of policy in most of the post-war period appear to have been concentrated in the failure to tackle supply side problems rather than a lack of adequate demand.

Among the supply side reforms since 1979 which are likely to have improved the economy's potential are reform of trade union law, privatisation, moves towards more selective industrial support policies and initiatives to strengthen vocational training.

Such policies have given management the opportunity to control restrictive practices, to obtain faster productivity growth and to assert control over the productive process.

That has contributed to a large shift in Britain's standing among industrial countries in terms of real growth rates and productivity. Growth rates in real output per worker over the past few

years have been close to the top of the international league.

The studies emphasise, however, that it is too early to judge whether that trend will be durable, and argue that the Government has missed important opportunities.

In privatisation policy, for example, the opportunity to enhance efficiency through increased competition has been lost; in education, the political power struggle may endanger the effective provision of technical and vocational training.

The authors identify the failure of Britain to keep up with its competitors in areas like training and research as one of the constant threads in its relative decline.

They add that the Government's focus on market-related solutions to economic problems has missed the evidence that Britain's weaknesses in these areas are in large part due to "market failures."

What is needed is more successful action and initiatives.

The review argues that "The Thatcher Government's policies have, at best, dealt with only some of the supply side problems which the Conservatives inherited."

Oxford Review of Economic Policy, vol. 4, no. 1, OUP, Walton Street, Oxford OX2 6DP.

Water authority to reward fast payers

By Richard Tomkins, Midlands Correspondent

SEVERN-TRENT, THE second-biggest water authority in England and Wales, is to reward prompt bill-payers with a chance to win a holiday in Thailand or a car. The scheme aims to cut costs incurred when customers wait for final demands before paying.

Starting with spring bills all its customers who pay bills within seven days of the due date qualify to enter a contest for a Peugeot 309 SRi, supplied by the maker for publicity.

Autumn bills will contain a chance to win a holiday for two in Thailand, supplied by KLM, the Dutch airline, and Hilton International Hotels.

Severn-Trent, among water authorities preparing for privatisation next year, believes it is the first utility to enter a commercial deal of this kind to tackle late-payment.

It serves 2.4m households and companies in and around the Midlands. About 500,000 had to be reminded to pay in the first half of last year and about 800,000 in the second. Late payment costs it about £250,000 a week in lost interest and the expense of reminders.

Eli Lilly seeking to bar 350 late claims by Opren 'victims'

By Peter Marsh

ELI LILLY, the US maker of the banned drug Opren, is to seek a judicial ruling to prevent 350 more people from proceeding with legal action against it. The company has been the subject of a court battle over alleged side-effects involving 1,300 UK claimants.

The cases of the 350 are due to be the subject of a hearing in chambers before Mr Justice Hirst in the High Court on March 23.

These people have taken out writs against Lilly in the period after a deadline of January 1987 imposed by the court. The purpose of this deadline was to keep separate the "late" cases and those of the 1,300 people who brought their actions before that date.

All but about 30 of the 1,300, who claimed that Opren gave them a range of side-effects mainly involving undue reactions of the skin to sunlight, have accepted a settlement announced in December in which Lilly allocated about £2.2m.

Opren campaigners have argued that the compensation was inadequate. They say it was accepted in most cases only because of the difficulty of fighting a prolonged court action.

Mr Richard Bailey, managing director of Lilly's UK subsidiary, said yesterday that he was convinced his company had not behaved improperly over Opren.

Lilly had made the settlement offer in which it did not admit negligence in spite of there being no evidence in many of the cases to link Opren firmly with the medical problems.

Lilly yesterday sent its 2,300 British employees a four-page letter setting out its side to the Opren dispute. It said that, in view of the lack of medical evidence, press reports comparing Opren with drug disasters like thalidomide were "drastically misleading."

Mr Bailey said the company's lawyers would argue in court later this month that the cases of the 350 late claimants should not be allowed to proceed further.

This was on the grounds that they had brought their actions too late to be dealt with under UK product-liability law involving injury. Under these provisions, claimants have to start actions within four years of the event believed to have caused the problem.

Miss Kathleen Graham, chairman of the Opren Action Group, said her group would fight any attempt by Lilly to stop the cases of the late claimants.

No salvage for Thames pleasure boat rescue

THE GORING House of Lords (Lord Bridge of Harwich, Lord Fraser of Tullybelton, Lord Brandon of Oakbrook, Lord Ackner and Lord Oliver of Aylmerton); February 26 1988

THE HOUSE OF LORDS has held when dismissing an appeal by Mr Arthur Mullins and others on behalf of members of the Island Bohemian Club from a Court of Appeal decision (1987) 1 FTLR 467, that their salvage claim against owners of the Goring should be struck out.

LORD BRANDON said that shortly before midnight on September 14 1984, the Goring, a passenger vessel, allegedly broke free from her mooring in the Thames, up river from Reading Bridge.

Members or employees of the Bohemian Club, situated on De Montford Island, managed to put one of their number on board and haul the vessel to a vacant mooring.

The parties agreed that the Thames above Reading Bridge was not tidal, and that had the vessel broken free, it would have drifted down river where it was tidal, the club members would have had a cause of action for salvage.

On July 22 1986, the club members began an action in rem against the Goring in the Admiralty Division. Her owners applied to strike out the writ on the ground that because the service had been rendered in non-tidal waters there was no cause of action.

Mr Justice Sheen dismissed the application to strike out. The Court of Appeal allowed an appeal by the owners. The club members now appealed.

The cause of action for salvage was ancient. Before 1840 Admiralty jurisdiction over salvage claims was restricted to claims arising on the high seas. Section 6 of the Admiralty Court Act 1840 abolished that restriction and extended the jurisdiction to claims for services rendered "within the body of a county."

The club members contended that "within the body of a county" was wide enough to include non-tidal inland waters navigable by ships, and that section 6 had extended the scope of the cause of action.

The contention was not accepted. First, it was unlikely that the legislature would have given jurisdiction which the court had never previously asserted. Second, except for cases of closed docks, there was no authority to support the contention.

Section 458 in Part VIII of the Merchant Shipping Act 1854, provided that salvage was payable when services were rendered "on the shore of any sea or tidal water" within UK limits.

That prescribed, for the first time, the places in which services must have been rendered in order to qualify for salvage. If the legislature had intended that services rendered in non-tidal inland waters should also qualify, it would surely have expressly so provided.

The 1854 Act was repealed and replaced by the Merchant Shipping Act 1924, Part IX, entitled "wreck and salvage", replaced so much of Part VIII of the 1854 Act as dealt with those matters.

Section 546 of the 1924 Act, still in force, provided that salvage was payable where services were rendered "at any place on or near the coast of the United Kingdom or any tidal water . . ."

Section 22 of the Supreme Court of Judicature (Consolidation) Act 1925 provided that the High Court had jurisdiction to hear claims for salvage services "whether rendered on the high seas or within the body of a county."

Section 1 of the Administration of Justice Act 1956 provided that the Admiralty Court had jurisdiction to hear salvage claims, and subsection (4) provided that sec-

tion 1 applied "(b) in relation to all claims, whatsoever arising".

The club members contended that if section 6 of the 1840 Act had not extended the cause of action, section 1(4)(b) of the 1956 Act had done so, by using "in relation to all claims whatsoever arising".

The contention gave rise to various considerations: first, the purpose of sections 1 to 3 of the 1956 Act was to give effect to the Brussels International Convention Relating to the Arrest of Seagoing Ships, 1952.

The Convention was concerned with types of claims only. It was not concerned with the substantive law of different states applicable to such types of claims. That being so, one would not expect the 1956 Act to alter the substantive law relating to any type of claim.

Second, a provision that the Admiralty jurisdiction included salvage claims "whosoever arising" was not on the face of it intended to alter the substantive law. For that clearer language would be required. "Whosoever arising" when applied to a salvage claim, meant "whosoever arising having regard to the provision in which, under the substantive law of salvage, such claim is capable of arising".

Third, Admiralty jurisdiction over salvage claims in Scotland was dealt with separately in Part V of the 1956 Act. The jurisdiction was restricted to give effect to the Convention, but contained no provision that it should cover claims "whosoever arising". Since there was in general no difference in substantive law between England and Scotland, it would be surprising if the expression applied to salvage claims in England but not Scotland.

Fourth, it might be expected that if "whosoever arising" was intended to have the effect contended for by the club members, section 545 of the 1894 Act, which would no longer have served any useful purpose, would have been repealed. The 1956 Act did not repeal that section.

Having regard to those four considerations, the conclusion was that the legislature, by using "whosoever arising" in section 1(4)(b) of the 1956 Act, did not intend to alter the substantive law of salvage.

Section 20 of the Supreme Court Act 1981 restated the Admiralty jurisdiction of the English High Court in terms similar to those used in section 1 of the 1956 Act. It followed that if section 1 of the 1956 Act did not alter the substantive law of salvage, the 1981 Act did not do so either.

The view that neither section 6 of the 1840 Act nor section 1 of the 1956 Act created a cause of action for salvage in non-tidal waters was strongly reinforced by the way in which the legislature had from time to time stipulated in what places services must be rendered to qualify as salvage.

The requirement for a ship by section 485 of the 1854 Act was "the shore of any sea or tidal water". By section 546 of the 1894 Act it was "on or near the coast", or "any tidal water". The requirement for aircraft by the Civil Aviation Acts of 1919 and 1982 was "on or over the sea or any tidal water, or on or over the shores of the sea or any tidal water."

Repeated stipulations of that kind were inconsistent with there having been a cause of action for salvage services rendered in non-tidal waters.

If statutory provisions had the effect of limiting the scope of the cause of action to services rendered at sea or in tidal waters, it was not open to their Lordships to extend that scope. Any such extension must be by the legislature.

Their Lordships agreed. For the club members: Anthony Clarke QC and Belinda Bucknall (Ingledean Brown Berrison & Garraway).

For the owners of the Goring: Geoffrey Brice QC and Elizabeth Blackburn (Shaw & Croft).

Rachel Davies
Barrister

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Directors' Valuation of Portfolio (£m)	60.3	49.1	30.2
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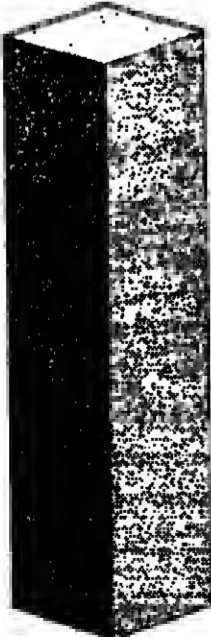


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Friday, March 4, 1994
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TECHNOLOGY

Clive Cookson reports on a new computer system designed to help four London hospitals deal with 780,000 patients more efficiently

A central cure for a management headache

FOUR HOSPITALS in West London have developed a computerised patient management system which they say is the most advanced in the National Health Service.

The Integrated Computerised Hospital Information System (ICHIS) handles all patient records in the Hammersmith, Queen Charlotte's and Acton hospitals and Chelsea Hospital for Women.

Although the NHS has been developing computers to manage patient records since the early 1960s, ICHIS is the first fully integrated system. There is a single central record of each patient, which staff can call up on any of the 250 terminals located throughout the four hospitals.

Because information about a patient is recorded only once, ICHIS "minimises duplication and potential for errors, and improves the speed and efficiency of patient care," according to Jeff Faulkner, Finance and Information Director of the Hammersmith and Queen Charlotte's Special Health Authority, which runs the hospitals.

All 56 wards, 281 outpatient clinics and two main laboratories - biochemistry and haematology - are fully integrated into the system, and 780,000 patients are registered on the computer database. ICHIS has been introduced over the last 18 months and will

be complete by the end of this year.

Lesley Dobree, Bed Manager at Hammersmith Hospital, says ICHIS is already enabling her to make better use of the wards. "Before the computer, our knowledge of bed availability depended on ringing round every ward in the hospital twice a day," she says. "Now we have a computerised bed list for every ward and we know as soon as a bed becomes available."

Dobree says the system has greatly improved the management of Hammersmith's waiting lists, which was kept on rows of cards in boxes. Patients sometimes had to wait longer than necessary to see a consultant and there was no back-up if an individual's card was lost. Now the computer ensures that everyone is given the first available appointment.

What distinguishes ICHIS from other patient management computers is the way the hospital laboratories are integrated into the system. As a leading research centre and the home of the Royal Postgraduate Medical School, the Hammersmith carries out an unusually large number of laboratory tests, at least 150,000 a month. All of these are recorded on the system as soon as the results come in.

ICHIS and its associated wide-band telecommunications network have been designed to allow for expansion. For example, the system could send images such as digital X-rays and ultra-sound scans around the hospital.

So far ICHIS has cost £2m - remarkably little for a system of such complexity and size. The software was developed by Real Time Solutions, a small company in Milton Keynes, working closely with the health authority's staff. The main hardware is American: two 386 processors from Concurrent Computer (formerly Perkin-Elmer Data Systems) linked to Lear Siegler ADM12+ terminals.

Software development was speeded up by the use of "fourth generation" programming techniques. These enable the programmers to write down what they are trying to achieve in relatively simple terms. They can write prototype systems quickly, without getting involved in a complicated computer coding language like Fortran. Real Time Solutions produced a series of ICHIS prototypes, which were adapted to take account of comments by doctors, nurses and administrators at the four hospitals.

Only five man-years of effort were required to write the ICHIS software. An outside consultant, appointed by the Department of Health and Social Security (DHSS) to oversee the project,

David Burdett of Spicer and Oppenheim, concluded that the system would have taken at least three times as long to develop with conventional means of program writing.

The system includes security features to prevent unauthorised people getting hold of confidential information about patients. For example, no one can sign on at a terminal without entering a secret personal password, and it automatically switches off if left unused for longer than 15 seconds.

"On any hospital system a balance has to be struck between patient confidentiality and management needs," says Dr Andy Rees, a consultant physician at Hammersmith. Although ICHIS has been made as secure as possible, Mr Faulkner concedes that anyone who understands computers and is determined to break into the system could do so, though I personally doubt whether anyone would want to."

In addition to its main function of administering all patient records, ICHIS will provide the health authority managers with valuable new information for planning purposes - for example, how financial resources are divided between different medical activities.

Hammersmith and Queen Charlotte's use the concept of the "diagnostic related group" (DRG),

which originated in the US. The system divides patients into about 200 DRGs. The most common group at Hammersmith is kidney failure; other examples are diseases of the red blood cells and coronary artery bypass grafting.

ICHIS can reveal the costs of treating patients in any DRG, or in any hospital department, or by any consultant. The DHSS hopes this information will make doctors work more efficiently, so saving money. Indeed the department is likely to support the introduction of systems like ICHIS in other hospitals because they encourage "clinical budgeting" - making consultants directly responsible for the money they spend.

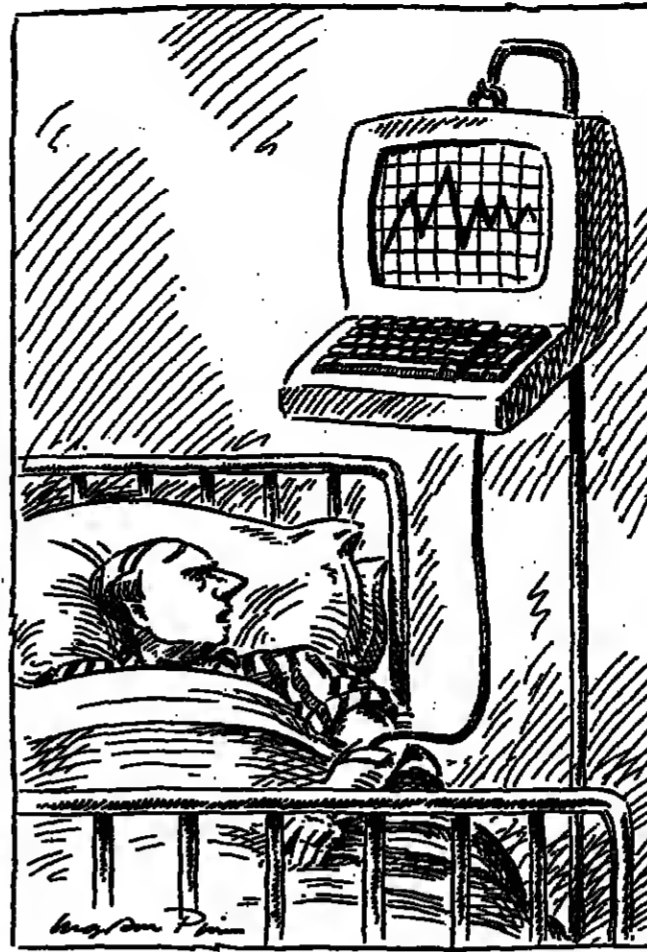
commercially available recording system could do the job satisfactorily. John Bryden, of the medical physics department, hopes to have a prototype running by the summer.

The next step would be to link the bedside recording microcomputers to the Ivac Titraters, to produce a system that will both monitor the patients and give them drugs automatically. According to Taylor, the ICU could then run on two-thirds of the present number of nurses, and give the patients better treatment.

Eme Roads says the nurses do not see computerisation as a threat to their jobs, especially as the ICU is now a third down on its official staffing complement. "The computers will only do the repetitive and boring work. They'll leave us more time to do the parts of the job where nursing training and skills are really needed."

Under the new system, some of the data - for example pulse and blood pressure measurements - will be fed directly into a bedside microcomputer from electronic monitors attached to the patient. The nurse will enter the remaining information on a specially designed keyboard. The printout comes in the form of a spreadsheet resembling a traditional manual chart.

Taylor says the Hammersmith is carrying out the project (with financial assistance from the DHSS) because no



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WORTH WATCHING

Edited by Geoffrey Charlish

Wheel clamping co-ordinated

WHEEL CLAMPING and vehicle removals controlled by the London Metropolitan Police are about to be co-ordinated through a computer and communications network, installed and operated by Datacom Systems, part of the Lockheed Corporation.

Hunter portable computer terminals, made by Husky Computers of Coventry, will be used by about 90 crews on the contractors' clamping and towing trucks. They will send information about clamping and removals to a centre at Bermondsey, where it will be recorded by an Artemis 8000 computer. Messages will go over the Rascal Vodafone cellular radio data network.

Data will be exchanged, over land lines, between payment centres, car parks and police supervisors. The computer will record payments received and authorise the release of clamped or impounded cars by radio instructions to the crews. This should speed up both the finding of cars by their owners and their release.

Breaking the criminal code

INFRA-RED hand-held devices for unlocking car doors are not criminal-proof, according to Siemens, the West German electronics group, because the infra-red coded signal can be "read".

The company is offering a set of electronic components to the car industry in which the code is changed after each unlocking action. Transmitting components can be built into the plastic part of the car key with a lithium battery lasting for several service intervals of the car. Receiving components are built into the car's central locking mechanism.

An upbeat way to order

FROM THIS summer, record shops in the UK will be able to take advantage of a system called Musicnet, instead of depending on paper catalogues. This will enable them to order tapes, discs, videotapes and compact discs using a screen and keyboard.

Musicnet is the result of an agreement between the Begal Foundation (which runs a similar network in Holland) and several

UK companies. Micro Scope, part of the General Electric Company, will provide communications consultancy and networking expertise, while Thorn EMI Business Systems will be the sole supplier of terminals and personal computers to retailers. The service will be marketed to retailers by EPS Musicnet, a new company. Musicnet will use interactive videotex (viewdata), in which users communicate with a database over telephone lines using a special television terminal.

Keying into a personal library

APPLE COMPUTER this week became the first of the leading personal computer manufacturers to endorse a new form of optical data storage, which introduces a compact disk read-only memory (CD-ROM) drive, writes Louise Kehoe in Seattle.

The CD-ROM, which can be used with either an Apple Macintosh or the Apple II personal computer, greatly expands the data retrieval capabilities of personal computers. It can store the resources of a small library, including text, graphics and sounds. A single CD-ROM disk can hold more than 550 megabytes of data, the equivalent of 270,000 pages of text.

CD-ROMs use the same optical digital recording technology as audio compact discs.

With the launch of its CD-ROM drive, priced at \$1,200, Apple aims to boost the fledgling CD-ROM industry by encouraging third parties to publish CD-ROM disks. To date, about 200 CD-ROM titles have been published in the US. About 40,000 CD-ROM drives are in use; they work with IBM-compatible personal computers.

Most CD-ROM applications are computerised versions of product manuals, catalogues and library indices. Industry experts say, however, that CD-ROM has great potential in both education and business. Microsoft, the biggest publisher of personal computer software, this week launched two CD-ROM titles: Small Business Consultant, a collection of publications on how to start and run a small business (\$149) and the Microsoft Stat Pack, containing US Government statistics (\$125).

CONTACTS: Datacom Systems: London, 252 1115; Siemens: UK office, 0322 72223; EPS Musicnet: UK, 0244 52763; Apple Computer: UK office, 0442 63244.

Bedside nursing at the touch of a key

THE GROWING shortage of qualified nurses has prompted Hammersmith Hospital in London to develop computers to take over routine chores.

The work is being done in the intensive care unit (ICU) on patients recovering from major heart surgery. So serious is the unit's nursing shortage that urgent operations are frequently cancelled.

Two related projects are under way: testing a machine which administers drugs to patients automatically; and developing a computer system to record information provided by patients' monitors, instead of nurses having to write it down.

Hammersmith was one of four international hospitals chosen by Ivac, a California-based subsidiary of the Eli Lilly pharmaceutical group, to test a prototype computerised infusion pump. This is designed to take over one of the most time-consuming tasks of an ICU

nurse - controlling the patient's blood pressure, which is liable to rise dangerously after heart surgery.

The Ivac Titratrator monitors blood pressure and administers nitroprusside, a drug that keeps down the pressure, through a drip into the patient's bloodstream. The machine incorporates a computer which works out the patient's response to nitroprusside (this can vary tenfold between individuals).

Professor Ken Taylor, Hammersmith's chief of cardiac surgery, regards last year's four-month trial of the prototype Titratrator as a great success. Although medical and nursing staff were somewhat suspicious of the machine at first, the results showed that it consistently controlled blood

pressure better than a nurse operating a drip manually. "By the end of the trial, if the nurses had a difficult patient they would prefer him to be on the machine," Taylor says.

He looks forward to installing three Titratrators when Ivac starts commercial production later this year. The company's new products manager, Fred Schlader, says the machine is on trial at eight medical centres in the US and Canada to measure how much nursing time it can save.

The second leg of the Hammersmith hospital's drive to transfer some of the nursing routine to machines is the development of a computer system that will record information about a patient's condition. Eme Roads, a nursing sister who is working on the

ICU project, says nurses now have to write down between 15 and 25 measurements every 15 minutes - a boring and repetitive process which inevitably generates some errors towards the end of a long shift.

Under the new system, some of the data - for example pulse and blood pressure measurements - will be fed directly into a bedside microcomputer from electronic monitors attached to the patient. The nurse will enter the remaining information on a specially designed keyboard. The printout comes in the form of a spreadsheet resembling a traditional manual chart.

Taylor says the Hammersmith is carrying out the project (with financial assistance from the DHSS) because no

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WATCHDOG

by Cranish

Keying into a personal library

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THE PROPERTY MARKET

The Prudential's man of property

By Paul Cheeswright

MICHAEL MALLINSON looks after more people's property investments than anybody else in the country, even though the investors have probably never heard of him and it is doubtful whether they know what property holdings they have anyway.

He is the property manager, Prudential Portfolio Managers, part of Prudential Assurance, a man in charge of a £3.7bn portfolio, the biggest in the UK private sector.

Of that total, £3.2bn is from investment by the Pru's life funds and £500m from other funds.

The sheer weight of the Pru's financial resources, its position in the marketplace and its role as the biggest institutional property investor give Mr Mallinson a degree of influence in the sector rarely granted to few others.

This influence becomes particularly significant as the sector rides out the effects of October 19.

For the Pru, that Black Monday, when the stock market crashed and changed the perceptions of many equity investors about property companies, has come and gone with barely a trace.

"In the property market in its own terms, I don't believe it has made a great deal of difference," said Mr Mallinson. The most obvious impact has been on the central London office market - "it shortened the time horizon of optimism on the City" - and it gave a jolt to the way equities as such have been viewed by fund managers. Not

surprising when millions of pounds were wiped of share values.

Surveyors immediately grasped this and used the difficulties in one market to trumpet the virtues of another. Mr Mallinson goes along with that to some extent. "I guess it is October 19 that made most fund managers content to have a higher exposure to a more placid market."

But the fund managers did not and have not lurched headlong into the property market. Uncertainty held people back from buying properties. Funds desired more liquidity and they had to pay attention to the broad balance in their investment portfolios, because where that portfolio held property, the value of the property rose in proportion to the lower value of equities.

Generally this situation has been corrected. Certainly so at the Pru, where, even before the market crash it was viewing the investment prospects for property more favourably.

Returns had been increasing and the state of the market combined with national economic growth suggested they would continue to rise. The Pru's internal rate of return on property investment last year was more than 30 per cent.

This would suggest that

instead of having, in cashflow terms, a major move out of property, the Pru this year could have a move into it.

In the four years from 1984 to 1987, the Pru life funds disposed of £377m more property than it bought. This does not make much of a dent in a huge portfolio which some years had 5000 buildings and now has 2900. Indeed, the property proportion in the Pru's life funds investment remains around 20 per cent, rather higher than that for most life insurance companies.

Pension funds have tended to move out of the property market with more energy than the insurance companies. Over the same four years, the other funds managed by the Pru sold £201m more property than they bought, relatively a larger sell-off than the net disposals by the life funds.

"Modestly we see in the market in certain areas," Mr Mallinson declared. He is looking for retail warehouse purchases. He is looking at industrial property, to correct an imbalance in the portfolio and to garner the income stream. Offices make up 53 per cent of the Pru life funds' property portfolio. Retail property takes up 40 per cent and agricultural property 4 per cent. Industrial accounts for just 3 per cent.

"We are not buyers of High

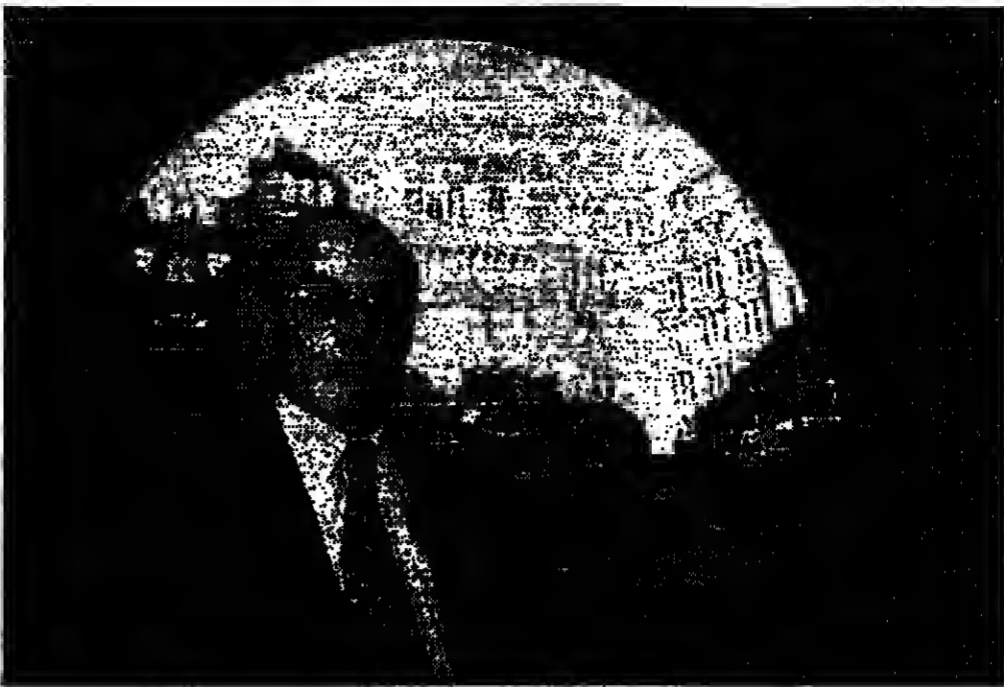
Street shops", asserted Mr Mallinson, but added that "provincial offices look interesting." This interest comes out of what he called "the second stage of the ripple effect. The strength of inner London is spreading out to particular locations." And by particular locations he meant not just the M25 corridor, but cities like Glasgow and Manchester.

Arguably, the jolt to the system of October 19, the retrenchment among some of the financial groups plus the high level of building in Central London has lowered the probability of the high capital gains in the country's leading office market. The concomitant of this is to make strong income streams more attractive. Mr Mallinson makes no bones about it: "I prefer guaranteed returns."

Underlying all this though is another factor - the reduction of inflation. "Fund managers prefer income. It was only the agencies of inflation which forced you to worry about capital value," said Mr Mallinson.

High yielding industrial property automatically becomes more attractive once a manager can stop fussing about capital gains and can feel confident about a continuation of economic growth.

"Well chosen, you're in the most exciting investment area of all," Mr Mallinson observed. There is, though, a half-way house "where you would have a market made up of the short term players - the property companies' while the long term players would be the institutions



Mr Mallinson and the Victorian splendour of the Pru's Holborn headquarters: behind him, a property staff of 480, in front of him, a portfolio of £2.7bn

The Pru's Mr Mallinson has more autonomy to buy and sell than most institutional fund managers. A member of the Pru's Investment Management Committee, which meets weekly, he reports to it rather than seeks permission from it. Only if he wanted to make a very large or contentious investment decision would he seek prior authority. Projects of £20m-£30m do not raise an eyebrow.

with the debt." Once the institutions start moving down this road, then there will be a shift in the pressure on fund managers. Although they are investing other people's money and hence have to decide where to place it with a degree of caution, at the same time they have to produce results which are comparable with competitors. "Trustees will not accept under-performance," asserted Mr Mallinson. "It is difficult to persuade them of the wisdom of short term under-performance for long term over-performance." This is not so much a matter of

competing with equity funds but of obtaining a return on property which can be "stacked against other similar funds." Because property until recently has looked so unrewarding compared with equities, there has been a natural pressure on institutions to abandon the passive role of simply collecting the rents and to seek added value, through trading and development. While institutions will continue to extract maximum value from what they own, the emphasis on mere short-term performance may diminish. "I can see situations in which the retention

of property for the income it generates could once again appeal to trustees," Mr Mallinson predicted. One of those situations would be the sluggish performance, over a period of years, of the equity market. None of this, though, presages any immediate change in the Pru's investment policy which remains based on two pillars. First, there is the internal perception of the shape of the total investments - so many offices, so many retail properties. This is a changing mix as the new emphasis on industrial property shows. But any radical change to the life

fund's investments could take up to five years to achieve. Second, the purchase of properties which will provide over a period of not more than five years the sort of returns the Pru would find acceptable. But both of these factors are conditioned by the availability of stock in the market. It is symptomatic of the more aggressive spirit prevailing these days that if there is stock the Pru wants, it is not afraid to lead the market upwards - that would have been unheard of in Mr Mallinson's early days.

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ARTS

Arts Week

F S M Tu W Th F S S

Rome, Teatro Olimpico (Piazza ...)

NETHERLANDS
Amsterdam, Concertgebouw, Piano recital by Maria Tipo, Bach (Tue)...

LONDON
BBC Symphony Orchestra conducted by Gennadi Rozhddestvensky with Victoria Postnikova, piano, Sofia Gubaidulina...

TOKYO
Janusz Olejniczak (piano), Chopin, Sundry Hall (Tue) (28 2111)...

PARIS
Baroque Music - Les Arts Florissants with V. Christie as conductor and harpsichord soloist...

WASHINGTON
Michael Levin, Piano, Beethoven (Tue) Salle Gaveaux...

CHICAGO
Chamber Orchestra of Europe, Claudio Abbado conductor...

Exhibitions

PARIS
Grand Palais, Zurich, From New York, an exhibition of 72 paintings retracing the artistic development of one of the great masters of the Spanish Golden Age...

LONDON
Tate Gallery, Douglas Cooper - The Master's Beauty, a small but choice selection of 81 works on paper from Cooper's collection...

WASHINGTON
Washington Opera (Kennedy Center Opera House)...

WEST GERMANY
Berlin, Deutsche Oper, Der Liebsteinck hat star tenor Luciano Fervotti in the title role...

PARIS
Tokyo Ballet and Ballet (Palais des Nations)...

NETHERLANDS
Amsterdam, Muziktheater, The Netherlands Opera in Salomon by Richard Strauss...

strong dose of japonism. Van Gogh used both the technique in his search for his own, profoundly personal art expressed most dramatically in the series of his self-portraits...

ITALY
Rome, Villa Medici (French Academy), A Certain Robert Doisneau. Photographs spanning the 40-year career of Doisneau...

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Washington Opera (Kennedy Center Opera House)...

WEST GERMANY
Berlin, Deutsche Oper, Der Liebsteinck hat star tenor Luciano Fervotti in the title role...

NETHERLANDS
Amsterdam, Muziktheater, The Netherlands Opera in Salomon by Richard Strauss...

WASHINGTON
Washington Opera (Kennedy Center Opera House)...

with aplayed hands on the lunch-table, but with bread-rolls where the fingers should have been...

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Rome, Villa Medici (French Academy), A Certain Robert Doisneau. Photographs spanning the 40-year career of Doisneau...

WASHINGTON
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NETHERLANDS
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starting in the 9th and 8th centuries BC with silhouette stick figures and ending with the minimalist perfection of the 6th century BC...

NETHERLANDS
Amsterdam, Stedelijk Museum, An exhibition of colour and expression fills 10 of the museum galleries...

TOKYO
A Street named Desire (Imperial Theatre) This could prove to be the theatre event of the year...

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Berlin, Martin-Gropius-Bau, Joseph Beuys (1921-1986) This is the first complete show of Beuys's work...

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POLITICS TODAY

A party in search of empathy

By Joe Rogaly

June 2088

IT IS NOW exactly 100 years since British schoolchildren were asked to write "empathy" answers to examination questions...

September, 2088

A selection of answers is given below: Robert Mugabe: I live in a very hot country. Although I am not a member of the Social and Liberal Democratic party...

and strong, like the SDP under my leadership. We just need a small group to run it. Thank heavens David Sainsbury is still helping us with finance...



exceptionally hard time. Someone has suggested that they regard me as a class traitor. Perhaps they find it mildly offensive that an ex-service officer with quite a glamorous track record should not be one of them...

Mind you, I am an enthusiast. I love ideas and the clash between them. I'm a workaholic. I know we need to modernise the party; the Liberals on their own were chaotic and inefficient...

I know what our strategy must be. We must fight David Owen tooth and nail, starting with the local council elections in May. He is far, far too good for us to give him any room...

Yes, I can certainly make a major contribution. I'll have to come out with my decision quite soon...

I want to stand again, but I don't see how I can. There's sure to be a contest and even if I won it would be a dreadful experience...

Still, I'll have at least as good a biography written about me as R.A. Butler. Home Secretary, Chancellor - one of the best ever. I agree - President of the European Commission, Chancellor of Oxford University...

I really must make a public announcement. Once I've done that there can be no turning back. I'll have to stand for leader of the Democrats, as I hope the SDP will be called...

David may decide to have another go. He's better than I am in Parliament. He is in fact very good on the floor of the House...

This answer has been disqualified, owing to late arrival - Examiner.

Lombard

A valuation conundrum

By John Plender

WHAT IS the Rover Group really worth? It sounds an innocuous question, and it will be discussed with great earnestness over the next month or two...

To start at the Alice in Wonderland end of the spectrum, Austin Rover is clearly worth much more to the small shareholders, who own a fraction of 1 per cent of the share capital...

This reflects what academics might dub the irrational expectations school of market behaviour. Professor Roland Smith, the BAE chairman, will doubtless treat it with due disrespect...

Back in the real world the group ought notionally to be worth more to competitors such as the Ford Motor Company than to anyone else...

Given that Rover is only now creeping back into profit at the peak of a boom, and carries accumulated losses in the balance sheet of £2.6bn...

disguised by a pre-sale capital reconstruction - especially since Rover has been a personal political liability for Mrs Thatcher...

This brings us to perhaps the most intriguing valuation dilemma of all. What would BAE be worth if it succeeded in its offer for the beleaguered car manufacturer?

For British Aerospace is not so much an independent bidder as living proof that there is no escape, even after privatisation, from the mixed economy and the corporate state...

Under the Wilson and Callaghan governments, the impression grew among industrialists that financially inoperative rescues of ailing firms in marginal constituencies might yield lucrative payoffs...

Who knows, because the political dimension of such negotiations rarely emerges in public. But one of the many lessons of the Rover Group's past history is surely that economic reality has a nasty way of catching up with a political quid pro quo in the end.

Credit where credit is due

From Mr Neil Fletcher. Sir, I am delighted to read (February 29) that Mr Norman Fowler, the Secretary of State for Employment is actively considering backing the establishment of compact between schools and industry...

Mr Fowler's colleague, Mr Kenneth Baker, welcomed the initiative at the time. At the moment, four ILEA schools in East London are taking part with guaranteed jobs for 300 school leavers...

Neil Fletcher, Inner London Education Authority, The County Hall, SE1

Letters to the Editor

More theology than realism

From Sir William Lithgow. Sir, Will Mr Cecil Parkinson, the Energy Secretary, be using the same team of parliamentary draftsmen as in the 1983 Energy Act? Will Mrs Thatcher's government pay any attention if promises of benefits to those connected to the national network are not met?

Private power generation was promised a new deal under the 1983 Energy Act. The area boards were required to take supplies at the price of the market, from the Central Electricity Generating Board (CEGB)...

made for wear and tear or depreciation. Their tariff, based on the national CEGB inter-board price, was abandoned after a couple of years...

The Scottish Secretary's response to this anomalous situation which he approved under statute but which he has now promised to amend in Parliament...

A good lawyer seemingly has as little grasp of economics as he has of engineering. When marginal costing is substituted for average costs, disaster is round the corner...

Violence on the small screen

From Mr Frank Johnson. Sir, Christopher Dunkley's proposition (February 24) that screen violence is not corrupting probably holds true for the great majority of viewers...

From Mr Peter Davy. Sir, I have frequently thought that your television critic wrote with a left-wing bias, but a statement he makes (February 24) is patently untrue and should not be left to stand uncorrected...

Should not Mr Dunkley be asked to withdraw this remark? Peter Davy, 97 Fort Picklecombe, Torpoint, Cornwall.

Butchered in print

From Mr Stewart Vaughan. Sir, Has Michael Coveney (Arts page, February 27) got something against the French? The acting at Arlanc Monchkins's Cartoucherie - not "Charcuterie" - is anything but ham.

The Treasury is interested in the effect of tax rates on work effort

From Mr Andrew Dilnot and Mr Michael Kell. Sir, Mr Alan Reynolds (Letters, March 1) casts doubt on an Institute for Fiscal Studies (IFS) suggestion recently quoted in your paper by Michael Prowse...

Her Majesty's Treasury is one body obviously interested in the question of the effect of tax rates on work effort. In an attempt to measure any incentive effects they commissioned a large scale study by Professor C.V. Brown of Stirling University...

Mr Reynolds uses the UK as an example of a country where tax rates have been cut. While it is the case that the basic rate of income tax has fallen since 1979, this has been at the cost of

increasing other taxes: the overall burden of tax and social security payments has in fact risen from 37.2 per cent of GDP in 1978-79 to 40.5 per cent estimated for 1987-88...

Furthermore, it is difficult to accept his assertion that typical marginal tax rates in the UK are notably higher than those of our competitors. His estimated marginal tax rate of 33 per cent in

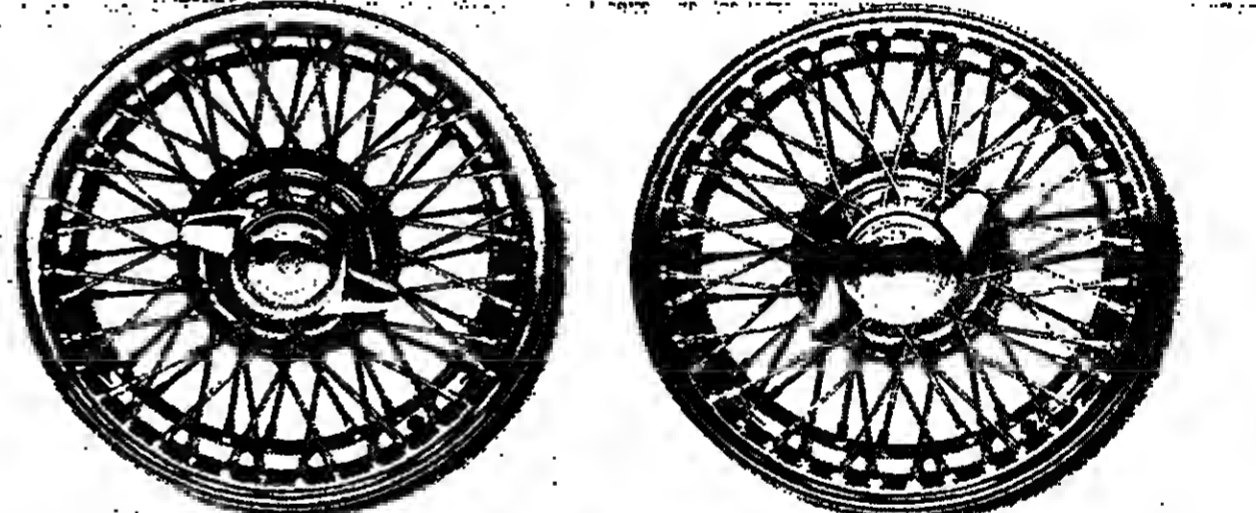
Germany is puzzling, given an average tax rate of 45.6 per cent as calculated by the OECD. Similarly, the "typical" marginal tax rate Mr Reynolds estimates for France, the US and Switzerland are all lower than the OECD's average tax rate figures...

Our detailed research into this question has yet to be completed, but it is already obvious that many factors affect the share of income tax revenues paid by the rich. Increases in the real value of tax thresholds since 1979 have lowered the tax burden at the bottom of the income distribution...

distribution we have witnessed rapid growth in earnings and investment income, the remaining contribution from cuts in higher rates is unclear.

There are arguments for further cuts in higher rates, not least that they would reduce the scope for tax avoidance and the incentive to tax evasion. Although the evidence on incentives to work effort is ambiguous, the theory is quite clear...

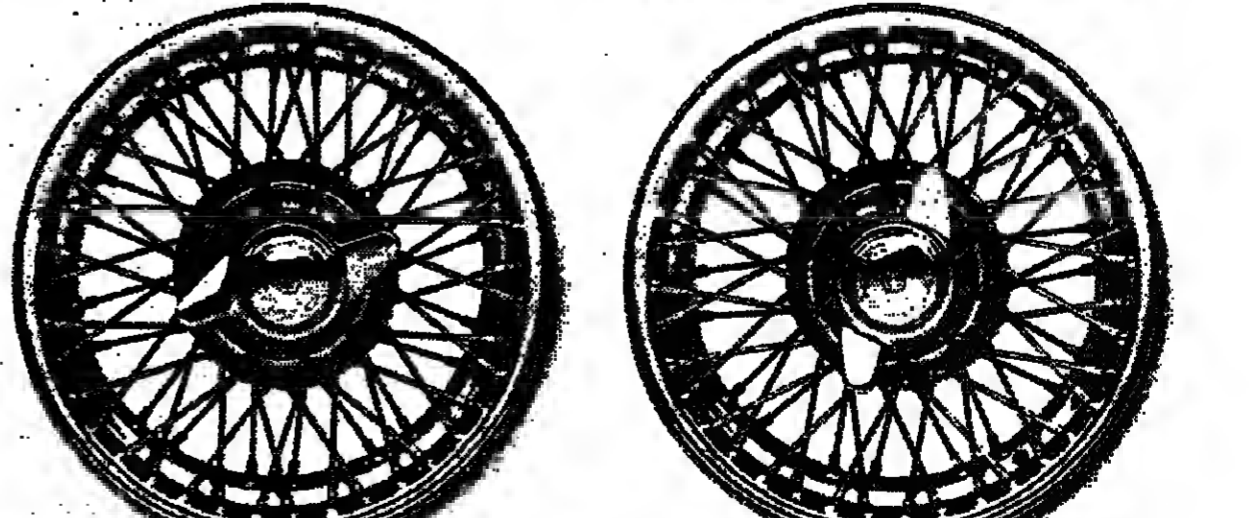
Andrew Dilnot, Michael Kell, Institute for Fiscal Studies, 181-182 Tottenham Court Road, W1



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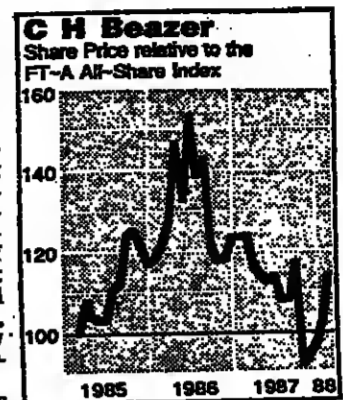
FINANCIAL TIMES

Friday March 4 1988

NOMURA FOR INTEGRATED FINANCIAL SERVICES Innovative • Flexible • Global

THE LEX COLUMN

Beazer forces the pace



Beazer's \$1.5bn bid for Koppers of the US looks like final evidence...

Beazer's price, on the other hand, merely moved obediently in line with the offer yesterday to \$63...

BAT steps up bid for Farmers Group to \$63 a share

BAT INDUSTRIES OF THE UK, the world's biggest private-sector tobacco company...

Charting the course to stability



THERE is one man in Argentina, possibly more than any other, whose success or failure in the near future will determine whether his country will finally be able to shed the curse of chronic inflation...

Rodolfo Terragno, as Minister of Public Works and Services, is at the helm of one of Latin America's mightiest enterprises embracing all key industries in Argentina

Scandinavian airline, SAS, is one of the first steps of that overall strategy and is likely to be followed shortly by an announcement that a minority holding in ELMA...

Argentine public sector enterprises table with columns for Employees, Foreign debt, Turnover, Treasury support for years 1987 and 1988

RTZ

RTZ's offer of 17 times earnings for a goodwill and plug maker in December seemed expensive...

Shell

Shell has yet again shown the benefits of stability and diversity in a sticky year for oil markets...

Nato heads stress need for strong defence

Even those Nato countries which support her view, however, are prepared to side-step the issue for the moment and accept a vaguer formula...

Ruling party in South Africa agonises over election setback

THE FAILURE of South Africa's ruling National Party to win back the Conservative-held by-election seats...

Second time round for UK party

Local government elections on May 6 when SLD candidates will have to defend about 440 council seats...

Shultz hints at Panama action

MR GEORGE SHULTZ, the US Secretary of State, yesterday added his weight to growing pressure within the Reagan Administration...

Shultz hopeful on Mideast

On this critical issue, Mr Shultz said earlier yesterday that the US wanted a broader and better dialogue with Palestinians in order to achieve a settlement...

If you're planning for A-Day, don't miss DH&S-Day. You've submitted your application for authorisation to your SRO...

Table with 3 columns: Location, Min, Max, Chg. listing various global weather stations.

La Générale lull possible

Yesterday Mr Maurice Lippens, managing director of AG, Mr Patrick Fosselle, managing director of Suez and Viscount Etienne Davignon...

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SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

DOUGLAS CONSTRUCTION GROUP



Friday March 4 1988

Battle for Federated tips in favour of Campeau

By James Buchanan in New York

THE SEE-SAW struggle for control of Federated Department Stores, the largest US department store group, yesterday tipped back in the favour of Campeau of Canada. Professional Wall Street traders - arbitrageurs - they favoured the Toronto group's \$6bn two-stage cash offer over the cash-and-securities deal with R.H. Macy approved by Federated's board.

But these arbitrageurs, who represent a group believed to own nearly a quarter of Federated's stock, said anything could happen in the contest, which has turned into one of the most complex and fierce takeover battles in recent Wall Street history.

Mr Robert Campeau, chairman of the Toronto company and retailing group, yesterday added to the growing animosity of the struggle with a sharp attack on Wednesday's agreement between Federated and Macy's, the New York department store. In a letter to Mr Edward Finkelstein, Macy's chairman, Mr Campeau warned that he would sue to overturn a "blatantly unlawful arrangement



Robert Campeau: to challenge takeover of Federated, which promises Macy's \$48m in "break-up fees" if the merger fails.

Macy-Federated agreement, Campeau, late on Wednesday raised his bid to 67 1/2 cents for 80 per cent of the Cincinnati group and \$44 for the remainder, for a blended value of \$88.

Macy's, a private New York-based group, is offering \$74.50 a share for the key 50 per cent which is the level needed for a merger under the laws of Delaware, where Federated is incorporated.

In addition, it is offering shares in the form of a tender offer, which Wall Street believes makes its offer broadly competitive.

Arbitrageurs say the key point is that Campeau's bid closes on March 15, whereas Macy's has yet to launch its offer, and then must keep it open for 20 business days.

"Say I want to wait to tender to Macy's," said one arb. "My problem is that if I do not tender to Campeau, but others do and he gets 51 per cent, I can only get \$44 instead of \$70 for my shares."

The Campeau \$78 offer is for a minimum of 51 per cent and a maximum of 80 per cent.

Forstmann willing to top \$883m AFG bid

By Roderick Gram in New York

FORSTMANN LITTLE, a New York leveraged buyout specialist, said it was willing to top the \$883-million offer for AFG made by an investor group led by Mr Ron Hubbard, chairman of the US flat-glass producer.

Shares of AFG, which Mr Hubbard created in the late 1970s by merging two failing glassmakers, kept 1/4% to 1/2% in heavy early trading yesterday. His \$883m offer for 84 per cent of its stock, made last week, would be financed by Drexel Burnham Lambert, pioneer of low-grade junk bonds.

Forstmann Little has written to AFG's board saying the exact price it would be prepared to pay would depend on the information AFG supplied in a prompt fashion and on subsequent negotiations. It was prepared to let AFG's management participate in the deal by taking an equity stake.

The Irvine, California-based company, which earned net profits of \$44.5m on sales of \$468.4m last year, had no immediate response to the proposal.

CASTLE CEMENT SALE DEAL ENDS GROUP'S PRESENCE IN UK SECTOR

RTZ sells cement unit for £230m

By Clay Harris in London

RTZ, the UK-based mining, energy and industrial group, is to sell its cement business, the second largest in Britain, for £230m (\$381m) to Scancem, a Swedish-Norwegian venture.

The disposal of Castle Cement, which claims 25 per cent of the UK market, will end RTZ's six-year presence in the sector. RTZ said yesterday it planned to concentrate on activities where higher growth was achievable.

The acquisition of Castle will make Scancem the fourth largest cement manufacturer in Western Europe, if the domestic plants held separately by the consortium's owners, Aker Norcem, Norway's largest private indus-

trial group, and AB Euroc, the Swedish building materials company, are included.

Castle's annual capacity of 3.7m tonnes at four UK plants will double the Scancem's worldwide output and give it a first manufacturing presence in the European Community.

Mr Derek Birkin, chief executive, said RTZ saw no way to increase profits or market share in cement. It planned instead to seek acquisitions similar to MK Electric, the plugs and switches maker it bought in January for £263m.

The cement operations contributed £18.5m to RTZ's net attribut-

able profits in 1986, and the company indicated that at least a small advance had been achieved last year.

This was despite apparent teething problems at its new Lintons plant at Ketton, on the Lincolnshire-Leicestershire border, which began production last autumn. Slight problems, no more than "hiccups," were now all but solved, RTZ said.

Castle Cement, as RTZ's operations in the sector were renamed in 1986 to improve marketing, ranks second in the UK market behind Blue Circle Industries, which has more than a 50 per cent share.

Although Scancem made an

unsolicited offer to buy Castle, RTZ had already decided in principle to sell the business. In addition to the structural restraints, the UK industry has also seen pressure on margins in the wake of cement makers' decision last spring to abandon a common pricing agreement.

RTZ also believes that the UK construction cycle is close to its peak, a view shared in the City of London. The disposal was greeted yesterday by a 15p rise in RTZ's share price to 370p.

Mr Birkin, ironically, joined RTZ when it entered the cement market in 1982 with the takeover of Thomas W. Ward and Tunnel.

AIG advances but cautions on outlook

By Our New York Staff

AMERICAN INTERNATIONAL Group, a leading US insurer, has reported a sharp advance in profits for the fourth quarter and year as a whole but warned that the general insurance market in the US has become more competitive.

Mr Maurice Greenberg, chairman, said: "Rates in many classes of business have receded from the high water marks of 1986."

In the fourth quarter ended December 31, net operating profits advanced 33 per cent to \$269.9m or \$1.51 a share, from \$202.6m or \$1.24.

Canadian Imperial surges by 32% in first quarter

By David Owen in Toronto

CANADIAN IMPERIAL Bank of Commerce, the second largest Canadian bank, yesterday reported a hefty 32 per cent increase in first-quarter profits on the back of much improved net interest and non-interest income.

The bank, which recently bought a controlling stake in Wood Gundy, the investment dealer, also announced a 2 cent increase to 29 cents a share in dividend payments to common shareholders.

Earnings per share increased a comparatively modest 15 per cent. Last August the bank issued C\$302m (US\$240m) of addi-

tional common stock to strengthen its capital base, following a large increase in its loan reserves.

In all, net earnings for the quarter ended January 31 totalled C\$150.4m or 87 cents a share, against C\$114.2m or 75 cents a year earlier. Year-to-date figures are restated to reflect accounting changes issued last month by the superintendent of financial institutions.

Non-interest income rose 15 per cent from 1987 levels to C\$266.7m, due mainly to improvement in investment bank service income, foreign exchange commissions and credit card income.

Alcasa to buy 40% of Alumasa

By Joseph Mann in Caracas

ALCASA, the Venezuelan aluminium producer, will invest \$3.2m to acquire a 40 per cent interest in Alumasa, a Costa Rica-based aluminium manufacturing company owned by Aluminio del Pacifico de Costa Rica.

The move is the most recent step in the Venezuelan Government's programme to build ties with foreign companies to capture overseas markets.

German car groups lose sales in US

By Our New York Staff

DAIMLER-BENZ and BMW, two leading West German car makers, reported a sharp decline in their US sales last month. In contrast, Jaguar of the UK saw sales slip slightly.

Sales of Mercedes-Benz cars fell 27 per cent, to 5,980 units from 8,088 a year earlier, taking figures for the year to date to 11,699 from 14,174. An official of the company's US subsidiary said it still hoped to top last year's total sale of 30,818 cars.

Although sales held up well in some parts of the country, such as California and the south-east, the less favourable economic climate on Wall Street, poor winter weather and uncertainty over the impact of new tax laws all affected potential buyers' attitudes in the north-east.

The company increased its prices by an average of 3 per cent last November.

BMW's February sales fell 12 per cent to 5,783 units, taking this year's figures down to 10 per cent, to 19,359 from 11,573.

Two Merrill Lynch executives resign

By Alexander Nicoll, Euromarkets Editor, in London

TOP EXECUTIVES of Merrill Lynch Europe were silent yesterday after the surprise announcement late on Wednesday that Mr Steven Licht and Mr Caleb Watts, heads of money market activities and debt issues respectively, were to leave the company to pursue other interests.

Merrill's brief statement said their departures would be by mutual agreement, and that the two men would work with Merrill during a transition period to provide for management succession.

Neither of the two men, nor any other official, has since been available to amplify the statement.

Mr Licht and Mr Watts have been members of a small executive committee running the London-based arm of the US brokerage house under the chairmanship of Mr Stanislas Yassakovitch, who is also chairman of the Securities Association, the self-regulatory body for UK securities firms.

Just over four years ago, both men took part in what was then

Chase asset disposal to raise \$120m


By Anatole Kalotzky in New York

CHASE MANHATTAN, the second largest US banking group, said it would record a net gain of \$120m in the current financial quarter as a result of the disposal of two assets - a valuable branch office building in Paris and a securities information subsidiary, Interactive Data Corporation.

IDC is being bought for \$140m in cash by Dun & Bradstreet, the leading US market research and information group. The Paris building, in Rue de Cambon, has been sold to Copra, a property investment company.

Chase did not say how much of the \$120m expected profit was coming from each of these transactions.

Explaining the disposals, Mr Willard Butcher, Chase's chairman, said they were "consistent with our objective of substantially increasing the capital of the corporation through the sale of assets with significant unrealised value and little long-range strategic importance."



19 February 1988

Dear Investor,

While we have not yet closed our books and established the final form of our financial statements for the year ending 31st December 1987, I would like to provide you with some information on the BNP Group's results for 1987 as well as the performance of our non voting shares ("Certificats d'Investissement").

As far as the volume of activity is concerned, 1987 will prove to have been a successful year with customer deposits up by 6.1% and loans up by 10.1%, including a 26.4% increase in private customer loans.

BNP retained its position as number one among French banks in bond market activities, the distribution of shares of newly privatised companies, commercial paper, investment fund management, floatations of new shares on the Paris Bourse "Second Marché", export credits and sales of insurance products.

The BNP Group's gross operating income, excluding extraordinary capital gains, was practically unchanged from last year, despite sharper competition in banking transactions resulting in lower margins and commissions and steeply rising expenditure on the computerization of operations and the development of electronic funds transfer. After allowing for smaller extraordinary capital gains than in 1986, gross income was down slightly, by about 6%.

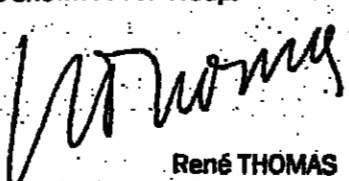
We have further decided to provision fully against losses sustained by our securities portfolio in the stock market crisis and to increase the rate of our provisions for foreign risks to approximately 50% - the highest for any French bank.

This policy of sound and prudent management, which places BNP in a particularly strong position among the world's leading banks, may result in a slightly lower consolidated net income after a record 50% rise in 1986.

While retaining a sufficient percentage of our income to fund the Group's investment programme, we expect to pay the same dividend to the holders of our Certificats d'Investissement as last year, despite a 10% increase in their number in 1987, following a bonus issue.

Based on current stock market prices, this dividend offers holders a yield of about 8%, at a time when the Certificat d'Investissement stands at only half of its book value. Its current capitalization thus represents only four times the estimated 1987 income. These three factors, namely capitalization, net income and yield, merit the attention of investors.

I should like to thank you for the confidence you have shown in our Group.




René THOMAS

These securities have been sold outside the United States of America and Japan. This announcement appears as a matter of record only.

NEW ISSUE

3rd March, 1988.



NAKAYAMA STEEL WORKS, LTD.

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Deutsche Bank Capital Markets Limited	Dresdner Bank Aktiengesellschaft
IBJ International Limited	LTCB International Limited
Merrill Lynch International & Co.	New Japan Securities Europe Limited
Nippon Credit International Limited	Salomon Brothers International Limited
Sanyo International Limited	Towa International Limited
Toyo Trust International Limited	Union Bank of Switzerland (Securities) Limited

INTERNATIONAL COMPANIES AND FINANCE

New Zealand sells Petrocorp to Fletcher Challenge

BY DAI HAYWARD IN WELLINGTON

JUST TWO days after the New Zealand Government cancelled an agreement for British Gas to buy Petrocorp, the state-owned energy group, Wellington has sold it to Fletcher Challenge.

The price of NZ\$1.75 a share, or NZ\$800m (US\$530m), is the same as that offered by British Gas.

Fletcher Challenge, New Zealand's biggest company, was an original bidder for Petrocorp, but was not then prepared to go as high as British Gas.

Richard Prebble: "There is no small print in this deal." Mr Prebble said yesterday. "There is no small print in this deal."

Mr Prebble said yesterday. "There is no small print in this deal." Mr Prebble said yesterday. "There is no small print in this deal."

Towngas sales soar to record levels

By David DeWitt in Hong Kong

HONGKONG AND China Gas, the Hong Kong utility locally known as Towngas, yesterday reported record sales of domestic gas in 1987, which lifted profits after tax but before extraordinary items by 38 per cent.

Mr Lee Shau Kee, the group's chairman, said Towngas sales rose by 17 per cent over the year, to 16.5m megajoules.

The group's bottom line profit was up 38 per cent in 1987, because of an extraordinary gain in that year arising from the development of one site, and the sale of a second, for a total of HK\$227m.

Total group turnover amounted to HK\$1.1bn, up 25 per cent from HK\$898m. A final dividend of 22 cents a share is recommended, taking the total to 37 cents.

At present, the company says it has no plans to produce its own gas, but is negotiating with Chinese officials over the use of natural gas found south of Hainan Island, 200 miles west of Hong Kong.

Mr Lee said he was pleased with the company's performance in 1987, and was confident of a bright future for Towngas.

Industrial interests boost Anglovaal in first half

BY JIM JONES IN JOHANNESBURG

ANGLOVAAL, the smallest of South Africa's major mining houses, lifted its consolidated turnover and profits in the six months to December 31, 1987, largely because of better performance by the group's industrial interests.

First-half consolidated turnover, which does not include sales by the group's largest gold mines, increased to R1.88bn (R882.5m) from R1.49bn in the corresponding period of 1986.

Interim operating profit, before tax, finance charges and dividend income, rose to R186.7m from R109.1m, and the pre-tax profit was R215.7m, against R108.1m.

Consolidated turnover totalled R3.11bn in the 1986-87 financial year, with operating profit reaching R257.8m and pre-tax profit R321.7m.

In common with most other mines, the profits of gold mines managed by Anglovaal have been squeezed by flat gold prices and sharply rising costs.

They caution, however, about upward pressure on prices and interest rates and the effects of poor agricultural conditions, government borrowing approaching 6 per cent of gross domestic product, increased union militancy and a disaffected civil service.

Earnings increased fractionally, to 18.9 cents a share from 18.5 cents, and the year's dividend has been raised to 16 cents from 15 cents.

The directors say 1988's economic outlook is good, with indications of strong real growth against R2.75bn at the end of 1986, and shareholders' interest increased to R3.8m from R3.5m.

The effects of last October's stock market collapse were mitigated to an extent by Lifeagro's policy of option matching. As a result, the value of investments was affected to a lesser extent than the life assurance industry as a whole, the directors say.

Lifegro shows strong growth

BY OUR JOHANNESBURG CORRESPONDENT

LIFEGRO ASSURANCE, the former South African subsidiary of Legal & General, grew strongly in 1987, largely because of a sharp increase in single premium business.

Total premium income almost doubled, to R1.02bn (R507m), from 1986's R549m. The directors say recurring premium business increased by 58 per cent and this will be reflected largely in 1988's premium income.

Total assets were R3.64bn at the end of 1987, and shareholders' interest increased to R3.8m from R3.5m. The effects of last October's stock market collapse were mitigated to an extent by Lifeagro's policy of option matching.

with rising consumer spending. They caution, however, about upward pressure on prices and interest rates and the effects of poor agricultural conditions, government borrowing approaching 6 per cent of gross domestic product, increased union militancy and a disaffected civil service.

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The directors say 1988's economic outlook is good, with indications of strong real growth against R2.75bn at the end of 1986, and shareholders' interest increased to R3.8m from R3.5m.

Cadbury Schweppes SA lifts profits

BY OUR JOHANNESBURG CORRESPONDENT

CADBURY SCHWEPES, the South African subsidiary of Cadbury Schweppes of the UK, increased sales by 41 per cent in 1987, as a result of an acquisition and increased demand for confectionery and soft drinks.

Turnover rose to R271.2m (R127.3m) last year from R192.8m a year before, while operating profits before interest and tax increased to R24.2m from R18.2m, and pre-tax profit advanced to R21m from R12.7m.

The directors say that the Cadbury division performed well in a competitive market and the introduction of a new chocolate bar contributed to a significant growth in sales.

result, suffered a profit decline. The disclosed profit, after tax and transfers to and from hidden reserves, fell to R6.8m from R8.6m.

The directors say French Bank is a wholesale banking institution specialising in financing foreign trade and intends to stick to this market sector.

They add that profits are expected to improve if corporate borrowers increase their demand for credit. Earnings fell to 60.6 cents a share from 60.3 cents, and the dividend has been maintained at 20 cents.



The "Shell" Transport and Trading Company, Public Limited Company

Final dividend 1987

Notice is hereby given that a balance of the Register will be struck on Thursday, 24th March, 1988 for the preparation of warrants for a Final dividend for the year 1987 of 31.5p per 25p Ordinary Share.

For transferees to receive this dividend, their transfers must be lodged with the Company's Registrar, Loyds Bank Plc, Registrar's Department, Goring-by-Sea, Worthing, West Sussex, BN12 6DA, not later than 3.00 p.m. on 24th March, 1988.

SHARE WARRANTS TO BEARER

The Coupon to be presented for the above dividend will be No. 178 which must be deposited for examination at Loyds Bank Plc, Registrar's Department, Issue Section, 11, Bishopsgate, London EC2N 3LB, at least five clear days before the payment date or may be surrendered through M.M. Lazard Freres, Paris.

BY ORDER OF THE BOARD

D. W. Chesterman Company Secretary

Shell Centre, London, SE1 7NA 3rd March, 1988

GRANVILLE SPONSORED SECURITIES

Table with columns: High/Low, Company, Price, Change, Dividend, Yield, P/E. Lists various companies like Anglovaal, Lifeagro, etc.

Granville & Co. Limited, 100, Broad Street, London EC2M 2JF. Telephone 01-252 1212. Member of the Stock Exchange.

Gotthard

1987 DIVIDEND The ordinary general shareholders' meeting, held on February 26, 1988, fixed the following dividend for 1987 on shares and participation certificates of Sfr. 100.- per value each: Sfr. 18.- Sfr. 6.30 35% withholding tax Sfr. 11.70 net dividend

APPOINTMENTS

Rea Brothers group chief executive Mr A.A. Hall, a director of the He was a director of Fenchurch REA BROTHERS GROUP, and Construction Insurance and Leasing, and He and Godwin Special Risks.

ER-ALLEN, VINTNERS INTERNATIONAL, a newly-formed company.

The executives will be: Mr M.E. Adams, vice president, S.F. Adler, Mr W. Barrow, president, K.W. Argentinus S.A.; Mr G.W. Clark, finance and administration; Mr D.M. Coe, president Allied-Lyons International Brands; Mr R.J. Hinkler, vice president, Europe, Africa, and Latin America; and Mr E.P. Ruyssen, vice president, European distribution.

ALFA ROMEO (GB), a Tozer company.

Mr Michael Fellows has been appointed managing director of CONDOR GROUP in succession to Mr W.C. Robinson who is standing down due to ill health, but who remains a non-executive director. Mr Fellows, who joined the group last July, was group development director.

Brasilvest S.A. Net asset value as of 29th February, 1988 per CZ Share: 97,068.80 per Depository Share: US\$9,094.95

THE CANADIAN WHEAT BOARD NOTICE OF REDEMPTION To The Holders of 11% Debentures due December 1, 1990

ER-ALLEN, VINTNERS INTERNATIONAL, a newly-formed company. The executives will be: Mr M.E. Adams, vice president, S.F. Adler, Mr W. Barrow, president, K.W. Argentinus S.A.

ALFA ROMEO (GB), a Tozer company. Mr Michael Fellows has been appointed managing director of CONDOR GROUP in succession to Mr W.C. Robinson who is standing down due to ill health.

Bank America Corporation U.S. \$400,000,000 Floating Rate Subordinated Capital Notes Due 1997

THE CANADIAN WHEAT BOARD NOTICE OF REDEMPTION To The Holders of 11% Debentures due December 1, 1990

ER-ALLEN, VINTNERS INTERNATIONAL, a newly-formed company. The executives will be: Mr M.E. Adams, vice president, S.F. Adler, Mr W. Barrow, president, K.W. Argentinus S.A.

Fannie Mae \$1,000,000,000 7.95% Debentures Dated March 10, 1988 Due February 10, 1993

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

Bond dealers enjoy the Treasury's auctions, George Graham finds
The biggest game in Paris

AT 10.30 ON the first Thursday morning of every month, the regulars arrive at the Bank of France for the highest stakes bingo game in town.

Yesterday, heavy demand for all three of the bonds up for auction left many bidders disappointed. The Treasury had announced in advance that it would sell only FF7.7bn to FF7.9bn, but it could have sold considerably more had it anticipated the strength of bidding.

The Treasury filled only FF7.54bn out of FF7.85bn bid for, at an average yield of 9.37 per cent. Bids were met in full at a price of 91.7 or 91.8, and reduced by 40 per cent at 91.5.

Some officials are puzzled that so many bond market operators choose to turn up in person for the public auction procedure each month, when the results are available on Reuters and Teletext screens. Yet for the regulars, the occasion is not to be missed.

Bond plans convertible for Allied-Lyons

BOND CORPORATION, the holding company of Australian entrepreneur Mr Alan Bond, has raised its stake in Allied-Lyons, the UK brewing and food group, to more than 6 per cent and yesterday moved to reduce its costs of holding the shares.

All these features have been used in previous convertible issues, most recently in the \$147m of preference shares issued by News Corporation, the international media group controlled by Mr Rupert Murdoch, convertible into shares of Pearson, the conglomerate which owns the Financial Times.

Bank Leu's decision and Mr Kurz's departure had raised doubts about the future of the Gutzwiller syndicate, which has been a constant irritant to the big bank syndicate for the past 15 years.

Mr Kurz described Mr Kurz as a "long-time innovator" with a proven track record on the Swiss capital market.

Two Euro CP deals launched for \$1.7bn

TWO GOVERNMENT-backed sovereign borrowers yesterday announced the establishment of large programmes to raise money in the Eurocommercial paper market, with a combined size of \$1.7bn, writes Stephen Fidler.

Both programmes are expected to be active and, as is usual for top-rated sovereign borrowers, paper is expected to be issued at yields below London interbank bid rates.

A floating rate note issuance facility for Bombardier, the Canadian transport equipment maker, was increased to \$750m from \$50m, it was being arranged by County NatWest.

Cheltenham and Gloucester Building Society is to have a \$150m five-year revolving credit arranged by Banque Paribas (London).

American Express hires Kurz to run bond syndicate

By William Duffin in Geneva
MR JEAN-FRANCOIS KURZ, the key figure in the Swiss bond underwriting syndicate run by Banque Gutzwiller, Kurz, Bungeer, is joining Trade Development Bank, the Geneva subsidiary of American Express Bank of New York.

Mr Robert Smith, American Express Bank's chairman and chief executive, announced in Geneva yesterday that the syndicate would continue under Mr Kurz's chairmanship, with TDB as the lead member.

Mr Kurz resigned from Banque Gutzwiller last month because of differences with Bank Leu of Zurich, its majority shareholder. Bank Leu intends to join the main Swiss bond syndicate run by Union Bank of Switzerland, Swiss Bank Corporation and Credit Suisse.

IFC's largest issue yet meets strong reception

INTERNATIONAL FINANCE Corporation, the World Bank affiliate, yesterday broke new ground with a \$150m Eurobond issue, its largest Eurodollar deal yet. Up to now, the IFC had limited its issue sizes to \$55m.

The deal was described as the closest yet to a full-scale public issue for the IFC, though it was underwritten by a small management group of six banks under Credit Suisse First Boston's leadership.

Declaring the \$4 per cent five-year issue met a strong reception, quoted at less 1 1/2 against 1 1/2 per cent fees. It was priced at 101 1/2 to give an initial yield spread of 60 basis points over US Treasury bonds.

INTERNATIONAL BONDS

106 basis points over the gilt. It was bid at less 1 1/2, 1/2 point inside total fees.

The Eurodollar market was steady yesterday. Prices were stable but the market had a firm undertone.

Commerzbank's other offering of the day, a DM200m five-year bond for Enso-Gutzeit, the Finnish forest products company, was converted as slightly tight.

Late in the day Eurofima, the Swiss-based European railway rolling stock financing agency, tapped the market for DM150m with a 10-year 5 1/4 per cent bond led by Deutsche Bank. This was underwritten by a small group including the West German subsidiaries of Swiss banks.

Handelsbank NatWest announced a SF140m issue for H&P Electric Iberia Iberduero, split equally into two tranches. The eight-year 4 1/4 per cent bond is priced at 100 1/4, while the 10-year 5 per cent bond is priced at 100 1/4. Neither is callable.

New rules soon for Dutch takeovers

THE AMSTERDAM stock exchange will present firm proposals to the Dutch Government to change corporate law and update obsolete takeover rules.

The report will also condemn some of the many takeover companies that are set to find off unwanted takeovers.

market a staunch defender of market self-regulation, to take the unprecedented step of drafting a proposal itself.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Table with columns: Issue, Amount, Maturity, Yield, Price, etc. Includes sections for US DOLLAR STRAIGHTS, US STRAIGHTS, OTHER STRAIGHTS, CONVERTIBLE, and FLOATING RATE.

Advertisement for Nationwide Anglia Building Society. Includes logo, text: 'Issue of £115,000,000 Subordinated Floating Rate Notes Due 1998', and 'Baring Brothers & Co., Limited'.

Libra Bank seeks \$450m from owners

LIBRA BANK, the London-based consortium bank specialising in Latin America, has had to call on its 10 shareholders banks for \$450m in special funds to enable it to make provisions against its Third World loans, writes David Lascelles.

Table with columns: Issue, Amount, Maturity, Yield, Price, etc. Includes sections for BRITISH MARK, SWISS FRANC, and CONVERTIBLE.

NEW ISSUE

This announcement appears as a matter of record only.

March, 1988



DAIICHI SEIYAKU CO., LTD.

U.S.\$150,000,000

4 3/4 per cent. Bonds Due 1993

with
Warrants

to subscribe for shares of common stock of Daichi Seiyaku Co., Ltd.

ISSUE PRICE: 100 PER CENT.

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| Daiwa Europe Limited | Yamaichi International (Europe) Limited |
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NEW ISSUE

This announcement appears as a matter of record only.

February, 1988



Nankai Electric Railway Co., Ltd.

U.S.\$100,000,000

5 per cent. Guaranteed Bonds 1993

with
Warrants

to subscribe for shares of common stock of Nankai Electric Railway Co., Ltd.
Payment of principal and interest being unconditionally and irrevocably guaranteed by

The Sanwa Bank, Limited

ISSUE PRICE: 100 PER CENT.

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| Universal (U.K.) Limited | Westdeutsche Landesbank Girozentrale |
| Yamaichi International (Europe) Limited | |

NEW ISSUE

This announcement appears as a matter of record only.

February, 1988



SETTSU CORPORATION

U.S.\$100,000,000

5 per cent. Guaranteed Bonds 1993

with
Warrants

to subscribe for shares of common stock of Settsu Corporation
The Bonds will be unconditionally and irrevocably guaranteed by

THE SUMITOMO BANK, LIMITED

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| Daiwa Europe Limited | |
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| Universal (U.K.) Limited | S. G. Warburg Securities |
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NEW ISSUE

This announcement appears as a matter of record only.

March, 1988



THE SUMITOMO MARINE AND FIRE INSURANCE COMPANY, LIMITED

U.S.\$100,000,000

4 5/8 per cent. Bonds due 1993

with
Warrants

to subscribe for shares of common stock of
The Sumitomo Marine and Fire Insurance Company, Limited

ISSUE PRICE: 100 PER CENT.

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| Taiyo Kobe International Limited | Toyo Securities Europe Ltd. |
| Union Bank of Switzerland (Securities) Limited | Universal (U.K.) Limited |
| Wako International (Europe) Limited | S. G. Warburg Securities |
| Westdeutsche Landesbank Girozentrale | |

UK COMPANY NEWS

BOC sued for \$10m in row over sale of plants

BY CLAY HARRIS

Horsehead Industries, a privately owned US company, yesterday sued BOC Group, the UK based industrial gases producer, for deciding to sell its carbon graphite operations to a management-led consortium and a Japanese chemical company rather than Horsehead itself as agreed last July.

\$140m and another electrode plant to Showa Denko, the Japanese group, for \$100m. BOC last night said this suit was without merit and any proceedings would be defended.

Phillips buys Christie's stake

BY FIONA THOMPSON

Phillips Son & Neale, privately-owned auctioneer, has acquired 1.6m ordinary shares in Christie's, giving it a 3.98 per cent stake in the company.

Nimslo shares suspended

By Heather Farnborough

Shares were suspended yesterday in Nimslo, the loss-making 3-D photography company quoted on the USM, following an announcement that the company is ready to acquire Oil & Gas from Nimslo's majority shareholder, Fred Olsen, the Norwegian shipping line.

WPP beats expectations at £14m

BY NIHOI TAIT

WPP, the UK marketing services group which last June sealed an audacious \$55m bid for prestigious New York ad agency and PR company, JWT Group, yesterday exceeded City expectations with pre-tax profits of £14.12m in 1987.

better than expected revenues as well as cost controls. Below the line, WPP incurs a \$8.8m tax charge, but no extraordinary items. There is a final dividend of 4.9p, making 6.4p for the year (3.2p).

comment

WPP's capacity for pleasant surprises on the figures front seems undiminished, and the performance of analysts' profit forecasts by £1m-plus was due to better-than-expected results on both sides of the Atlantic. The test, however, was never going to be a short-term one. So far, chief executive Martin Sorrell looks well on course, and if the debt is effectively halved before end-1988, the interest saving would translate into an additional 6p-7p worth of earnings next year.

Questel advances 23%

DEMAND FOR the company's main product, Supercall, proved sustained and substantial and helped Questel increase full-year profits by 23 per cent from £1.7m to £2.14m.

StanChart Australia up

BY DAVID LASCELLES

Standard Chartered Bank Australia, the Australian subsidiary of Standard Chartered, increased net profits by 45.3 per cent last year to \$11.5m (£4.6m), after making \$3.5m in provisions.

ML rights result

ML Holdings has received acceptances in respect of 10.88m shares, 89.3 per cent of the 12.18m issued under the rights offer.

Sheldon Jones falls sharply at midterm

Pre-tax profits at Sheldon Jones in the six months to November 30 1987 fell from £241,000 to £30,000, on turnover down 15 per cent from £7.17m to £6.03m.

DIVIDENDS ANNOUNCED table with columns: Current payment, Date of payment, Corresponding dividend, Total for year, Total last year

BOARD MEETINGS table with columns: Company, Date, Location

Ratcliffs progress Continued improvement was made by Ratcliffs (Great Bridge), and for 1987 this maker of brass and copper strip has reported a profit of £425,000, compared with a loss of £1.03m.



1987 financial summary table: Sales £2,031m +10%, Trading Profit £180m +28%, Pre-tax Profit £176m +34%, Earnings per Share 19.0p +33%, Dividend per Share 8.0p +19%

- Sales and market share up in all major markets. Trading margins up from 7.6% to 8.9%. Coca-Cola & Schweppes Beverages Limited off to an excellent start in UK.

Adrian Cadbury Chairman



Congratulations to the "USM Company of the Year"



BLenheim EXHIBITIONS GROUP PLC

CL-Alexanders Laing & Cruickshank are brokers to Blenheim and acted for the company on its placing on the Unlisted Securities Market in October 1986.

CL-Alexanders Laing & Cruickshank Corporate Finance

A MEMBER OF THE CREDIT LYONNAIS GROUP PIERCY HOUSE, 7 COPTHALL AVENUE, LONDON EC2R 7BE

UK COMPANY NEWS

Mountleigh to take 49% stake in Bugge Eiendoms

BY MARTIN DICKSON IN LONDON AND KAREN FOSSLI IN OSLO

Mountleigh, the fast-growing property and investment group, announced yesterday that it had reached agreement to buy a 49 per cent stake in Bugge Eiendoms, the financially troubled Norwegian property company.

Automotive side behind 77% jump at Lex

By Fiona Thompson

Lex Service, the vehicle and electronic components distributor, increased pre-tax profits by 77 per cent to \$47m for the year ended December 27 1987.

Macro pushes up midterm profits 35%

BY DOMINIQUE JACKSON

Macro 4, computer software company, saw pre-tax profits grow by 35 per cent, from £1.7m to £2.31m, for the half year to end-December 1987 on turnover up from \$4.25m to \$5m.

The Italian subsidiary doubled turnover and was expected to start contributing to group profits within the next few months.

ANGLOVAAL LIMITED

Interim Report for the Half-Year ended 31 December 1987

FINANCIAL RESULTS

Table with 4 columns: Item, Half-Year Ended 31 December 1987 Rm, Half-Year Ended 31 December 1986 Rm, Increase %, Year Ended 30 June 1987 Rm. Rows include Turnover, Operating profit, Income from investments, Profit before taxation, Taxation, Equity accounted earnings, Profit after taxation, Earnings per ordinary and 'A' ordinary share, Dividend per ordinary and 'A' ordinary share, Effective number of ordinary shares in issue, Net worth per ordinary share.

Consolidated Balance Sheet

Table with 4 columns: Item, 31 December 1987 Rm, 31 December 1986 Rm, 30 June 1987 Rm. Rows include Capital Employed, Group shareholders' interest, Loan stock, Deferred tax liability, Long-term borrowings, Current assets, Current liabilities, Market value of listed investments, Borrowing powers in terms of most restrictive limitation, Borrowings.

Comment: The Group's industrial interests held through Angloval Industries Limited (AVI) again achieved strong earnings growth. A combination of the stronger economy and lower interest rates on reduced borrowings enabled all industrial divisions to post increased earnings and AVI to report earnings growth of 69 per cent.

Table with 3 columns: 1987 Rm, 1986 Rm, 1985 Rm. Rows include Half-yearly dividends on 5 per cent and 6 per cent preference shares, Interim dividend of 230 cents per share (1986-1985 cents) on the ordinary and 'A' ordinary shares, Interim dividend on the participating preference shares at a fixed rate of 5 per cent per annum plus a participation of 110 cents per share (1986-97.5 cents).

For and on behalf of the board B. E. Hersov, Chairman Clive S. Messell, Deputy Chairman Directors Registered Office Angloval House 36 Main Street Johannesburg, 2001 London Secretaries Anglo-Transvaal Trustees Limited 293 Regent Street London W1R 8ST 3 March 1988

The automotive businesses had an outstanding year, said Mr Trevor Chinn, chairman and chief executive. Volvo Concessionaires registered 76,858 new cars in 1987, a record for Volvo sales in the UK.

Lex is clearly making headway in turning round its electronic component businesses but the crucial issue is the future stability - or not - of the semiconductor market.

Fife Indmar 28% downturn Fife Indmar, Scottish-based engineer, revealed a 28 per cent contraction in pre-tax profits to £217,000 in the 12 months to end-December, on turnover virtually unchanged at £12.78m.

To the Holders of Hercules Incorporated 10 1/4% ECU Bonds Due March 15, 1992

EUROPEAN HIGH TECHNOLOGY and COUNTY DURHAM. The Financial Times proposes to publish this survey on: 13th April. For a full editorial synopsis and details of available advertisement positions, please contact: Meyrick Simmonds on 01-248 8000 ext 4540.

First the bad news. Pension fund returns plunge. And now the good news. Last year the average performance of the pension funds we manage was 7.8% - better than all the top names featured recently in the Financial Weekly survey.

UK COMPANY NEWS

Acquisitions lift BBA to £41m

BY ANDREW HILL

BBA Group, motor component and industrial materials company, increased pre-tax profits by 55 per cent to £41.2m for the year ending December 31 1987. Earnings per share rose to 15p (10.2p), ahead of most expectations, and a recommended final dividend of 2.5p makes 4p (2.5p) for the year.

Full year contributions from Automotive Products (AP) and Braka & Clutch Industries Australia, component subsidiaries bought in 1986, were responsible for most of a 21.6 per cent increase in sales to £272.6m (£259.2m).

Both AP and Minter Don, manufacturer of automotive friction products, increased profits following a major rationalisation programme. Gross margins in the automotive division, which con-

tributed 60 per cent (78 per cent) of operating profits, rose from 6.2 per cent to 7.3 per cent.

Overseas sales, including exports, increased to £458.5m (£360.5m), again making up about 68 per cent of turnover.

The pre-tax profits included exceptional losses of -£5.1m. Losses for currency translation, made at year-end rates, accounted for £2.1m, while £3m was spent on rationalisation in the friction, automotive and industrial textiles divisions.

Past tax losses in the UK, where profits increased last year, led to a reduction in the tax charge from nearly 37 per cent to about 29 per cent.

Mr John White, managing director, said he would be looking for a major acquisition in the non-automotive field during

1988, with the aim of reducing the motor component division's 84 per cent share of turnover to 81 per cent by the end of the year.

He said BBA would continue trying to squeeze margins and look for small acquisitions complementary to existing interests. Within the last year BBA has spent £68.5m on 11 businesses with total annual sales of £97.5m.

Comment

Mr White and BBA seem to be back in favour. After 18 months defending himself against criticism of his purchase of AP, Mr White can show the City much improved earnings, starting down from 42 per cent to 29 per cent and some very prudent account-

ing. The cost of reorganisation at many of BBA's overseas factories has been included in this year's accounts and benefits should appear this year, while the group's policy of funding overseas acquisitions by borrowing in local currency seems set to avoid the worst effects of exchange rate movements. Meanwhile, for pessimists still forecasting an automotive downturn, BBA points out that 50 per cent of its sales are in the buoyant replacement market and its geographical spread allows it to switch production from country to country according to the customer's requirements. BBA shares closed up 2p at 165p yesterday, with pre-tax profits for this year expected to top £52m, the shares look slightly undervalued on a prospective multiple of about 9.

British Gas US issues to fund Bow Valley buy

By Steven Butler

British Gas is planning two long-term guaranteed debt issues in the US for £150m and \$250m each that would help fund its acquisition of Bow Valley Industries, the Canadian oil and gas exploration company.

British Gas said yesterday that it had filed the necessary papers with the US Securities and Exchange Commission. Net proceeds of the issues would be to repay sums of the short-term borrowings raised in connection with the acquisition.

The £150m issue of guaranteed notes will be due in 1995, and will not be redeemable prior to maturity.

The \$250m issue of guaranteed debentures, due in 2015, will be redeemable at any time at prices specified in a prospectus for the issue.

Wickes beats forecast after interest on buy-out funding

BY MAGGIE URRY

Wickes, the home improvement retailer, yesterday announced its first annual results since the £120m management buy-out in May 1987. Then it forecast a pre-tax profit for the year to end January 1988 of about £3m, and this has been exceeded by £745,000.

However, Wickes has changed the year end to December and in 1987 pre-tax profits were £5.88m compared with £5.52m in 1986, both on a pro-forma basis.

On that basis sales increased by 25.3 per cent to £178.1m, and operating profits rose to £3.55m, up 47.5 per cent. An interest charge was estimated at £3.05m (nil) largely payable on the £30m of debt taken to help finance the buy-out.

Mr Henry Sweetbaum, chair-

man and chief executive, said he was particularly pleased that profits rose despite the interest charge. Of the £30m of buy-out related debt about £16m had now been repaid, and a large part of the rest could be repaid in 1988 from cashflow.

The UK operations benefited from the acquisition of Builders Mats in September 1987, which turned round to a small profit. The Dutch operation made £730,000 (£372,000) and Belgium produced £1.37m (£1.14m). Wickes plans to expand into northern France from Belgium.

The final dividend is 0.67p making 1p for the eight months trading period.

Comment

Wickes, with its bias towards large-scale projects such as con-

servatories and swimming pools, manages to beat the other DIY retailers hands down on the main operating ratios. Even so Mr Sweetbaum refuses to join the rush for expensive properties, a restraint which should pay off in the long term and does not seem to be slowing expansion in the short term. More acquisitions like Builders Mats can be expected, and Wickes reckons there is room for 75 large and 200 small stores in the UK. A new distribution system is being set up which will allow stockroom space in stores to be converted to sales area. On current forecasts of around £2m pre-tax, excluding property profits, and with the shares at 275p, up 3p yesterday, the prospective p/e of about 19 is looking as expensive as usual.

Bellwinch rises to £3.5m despite Docklands hiccup

A £1.2m advance in pre-tax profits was achieved by Bellwinch, housebuilder, in the half year ended December 31 1987. Progress in its four regions was good, the directors said, despite a hiccup in London Docklands following the October stock market crash.

Turnover in the period rose from £14.82m to £15.34m while profits amounted to £3.5m, a 54 per cent lift on the previous £2.28m. Earnings worked through at 7.3p (5.9p) and an interim dividend of 1.1p is declared.

Mr Robert King, chairman, said he expected the year's profit on housebuilding to be satisfactory and in line with budget. The half-time profit included over £1m surplus on the sale of a warehouse awaiting redevelopment, though further profit on sales of undeveloped land were not expected before the year-end.

Demand for the company's homes remained strong, and forward reservations in the three regions outside London were maintaining their healthy position. The number of units completed was again 235 and the average selling price £78,000

Star Computer edges up

Star Computer Group saw profits edge up from £331,000 to £345,000 for the six months to December 31 1987. This was achieved on turnover up 25 per cent from £4.57m to £5.69m.

Tax rose to £121,000 (£91,000), and earnings per 10p share dropped to 3p (2.5p).

The directors said that the group, which is a supplier of computer equipment and software, had invested heavily in laying the foundations for future growth and had set up a new distribution centre in Watford.

The growth in UK pre-tax profits of more than 30 per cent was not matched by those of Star Computers (Ireland), which suffered a loss of £95,000 due to difficult trading conditions. The directors said that steps had been taken to rectify the situation and they anticipated the operation would achieve breakeven in the second half.

The directors maintained that the new generation of software developed by the group for processing accounts would attract substantial orders, and some of the benefits would be seen in the full-year results.

Kleinwort Dev Fund

Kleinwort Development Fund interim dividend is unchanged at 2p on earnings of 3.35p (2.77p) for the half year to January 31 1988. Investment income totalled £264,000 (£287,000). Net asset value per share 263.57p (219.74p).

Kennedy Brookes buys rest of Poetfield

BY DOMINIQUE JACKSON

Kennedy Brookes, the hotel and restaurant group, yesterday announced it had agreed to acquire the rest of the issued share capital of Poetfield, valuing the outstanding shares at a total of £472,000.

Kennedy Brookes already holds a 55.28 per cent stake in Poetfield, the company which runs the Maxim's de Paris and Cafe Maxim's restaurants in Panton

Street in London's West End. Under the terms of the agreement Kennedy Brookes will offer five Kennedy ordinary shares for every 11 ordinary shares in Poetfield.

The offer is based on the middle market quote at the close of business on Tuesday of 274p per Kennedy ordinary share, valuing each Poetfield ordinary share at 124p.

Irrevocable undertakings to accept the offer have been received from all the Poetfield directors and from other shareholders in respect of a total of 309,000 ordinary shares (36.22 per cent).

Full acceptance of the offer would give rise to the issue of 178,864 new ordinary Kennedy shares, representing some 0.42 per cent of the enlarged share capital.

Dunlop's SA arm shows profits rise of 36%

BY JIM JONES IN JOHANNESBURG

INCREASED demand from the motor sector has benefited BTR Dunlop, the South African rubber products manufacturer controlled by the UK conglomerate.

In 1987, turnover rose 15.5 per cent to R411m (£109.45m) from R356m, while the trading profit advanced 22 per cent to R47.6m (£33.6m) and the pre-tax profit nearly 36 per cent to R43.7m (£32.2m).

Sales increased with higher demand for all products, particularly those to the motor and consumer markets, and the directors said they expected the improvement to continue this year. Labour difficulties were now largely resolved and productivity improved last year.

Earnings rose to 107 cents per share (87 cents) and the dividend is lifted to 85 cents (75 cents).



PRELIMINARY ANNOUNCEMENT

Results for the year to 31st December 1987.

	1987	1986
Group Sales	33,624	32,335
Earnings - Gross		
Parent Company	(93)	(1,530)
Subsidiary	518	496
Group Profit (Loss)	425	(1,034)
Taxation	324	332
Net Profit (Loss) for the year after Tax	101	(1,366)
Total Cost of Ordinary & Preference dividends	102	102
Profit (Loss) per share	1.24p	(30.11p)
Dividends on Ordinary Shares		
Interim - Paid	0.50p	0.50p
Final - Proposed	0.75p	0.75p
Total for the year	1.25p	1.25p

CHAIRMAN'S COMMENTS

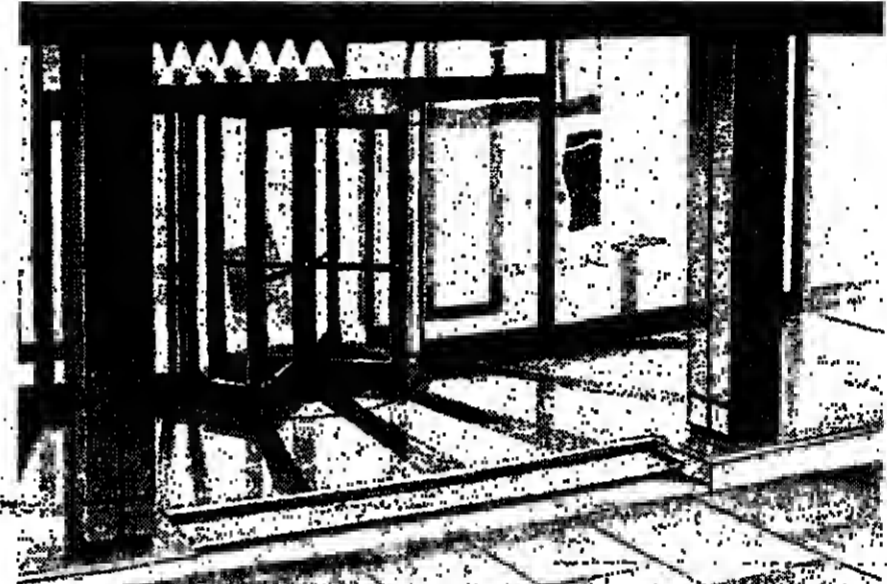
1987 YEAR
A good recovery in earnings was made for the year following the very heavy losses of 1986.

DIVIDENDS
Your Directors are recommending a final dividend on ordinary shares of 0.75p making a total of 1.25p for the year - as 1986.

PROSPECTS
Both Great Bridge and Canada have made respectable starts for the year and providing the slide in copper prices continues, both companies should produce satisfactory earnings for the year.

ANNUAL GENERAL MEETING
3 p.m. Tuesday, 3rd May at Birmingham Chamber of Commerce and Industry. Detailed statements will be issued to shareholders on 5th April 1988.

3rd March 1988 F. R. Ratcliff Chairman.



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Minebea

No respecter of convention

Nick Garnett reports on a Japanese group with a rare appetite for acquisitions

GLOBE-TROTTERING managers of Minebea, the Japanese bearing and engineering components maker, were in Britain at the beginning of the year, wrapping up another small chapter in one of the most unusual growth stories to come out of the world's second largest economy.

Minebea's recently announced purchase of Rose Bearings, a relatively small British bearing maker, hardly seems to warrant much attention. But this happens to be the 23rd company Minebea has bought in and outside Japan in the past 15 years.

Mavericks exist in Japan and Minebea is one of them. For those who believe Japanese industry is built on a monolithic corporate culture of cautious consensus and a paranoid fear of leaping into the unknown, Minebea's jumping bean activities look way out of place.

In terms of accepted corporate behaviour in Japan, unconventional is an apt tag for a company which, from its humble birth to its present 22,000 employees and ¥150bn (\$1.2bn) sales, has been controlled by the flamboyant Takami Takahashi.

For one thing, starting out in a shack making bearings back in the 1960s, Minebea has pursued an acquisition policy in Japan and elsewhere using aggressive pressure tactics more associated with a US or British predator.

For another, Minebea uses company acquisitions to slide into product areas for which it has little or no production and marketing knowledge, an almost unheard-of approach in the land of growth by stealth. Company acquisitions alone have taken it into fasteners, measuring instruments, furniture distribution, hi-fi speakers, vehicle wheel making and hand gun manufacture.

At least there is a link through most of these products. Many use standard types of engineering components. But in 1984 Minebea really took a leap in the dark. The company had already set up its own computer keyboard manufacturing facility, but four years ago it took the much more dramatic step of setting up a joint

venture company, using venture capital, to make semiconductors. It now has supply agreements with IBM and Olivetti, and Ryusuke Mizukami, general manager for corporate planning, says with a straight face: "We would like to be number one in the world in memory chips."

As if that was not enough, Mizukami says that Minebea, the world's largest supplier of miniature ball bearings, is pondering further possible lurches into wholly unrelated sectors, like frozen food.

Meanwhile, Takahashi is pursuing a personal goal of steering Minebea into pig farming. This has been temporarily thwarted because of a ban imposed by local authorities in Thailand, where Takahashi has bought a stretch of land to carry out this activity.

The character of the company is almost exclusively the product



Takami Takahashi: a maverick in Japan's management ranks

Minebea uses company acquisitions to slide into product areas for which it has little or no production and marketing knowledge

of its Jaguar-driving chairman. A rather larger than life character among the grey dragons of Japanese corporate managers, 59-year-old Takahashi has condominiums in Hawaii, Thailand and Singapore and a - handy for golf - next to the Los Angeles country club. Minebea has three Aerospace helicopters at its disposal, frequently used to ferry guests up to its 45-bed mountain guest house in Japan, as well as a Boeing 727.

Takahashi developed a global perspective early. Long before it started to become accepted practice among a number of Japanese companies, Minebea had been heaving large amounts of its manufacturing capacity outside its home country. More than half of its factories are overseas. A third of its workforce are Thai.

Some of Minebea's takeovers have been carried out quietly and amicably. Others have been the

result of an assertive thrust through the initially unwelcome buying of shares in the target company.

Not surprisingly, some of Takahashi's methods are loathed by many managers in Japan where there are many hundreds of company acquisitions every year, but where corporate raiding is not really part of the business culture.

Some of these detractors have gained satisfaction from the trou-

ble that Minebea has run into with an attempted purchase of Sanyo Seiki, a major music box maker. They could also afford a wry smile in 1986 when Minebea was itself the takeover target of a foreign group, Trafalgar-Glen, an Anglo-US investment group. Minebea wriggled out of that by using a number of ploys, including seeking and getting the classification of defence contractor.

For his part, Takahashi sometimes shows impatience with traditional Japanese management practices, especially on the issue of mergers and acquisitions. The problem is that there are no executives who can make decisions in Japan. During rapidly changing situations, the lack of management qualified to make decisions presents serious problems, he told the Business Tokyo magazine last year. Many of Minebea's practices

though are recognisably Japanese. Thousands of foreign-based workers are brought to Japan for training. Since 1981, 2,200 Thais have been given training in Japan and at plants and institutions in Singapore and Switzerland.

For bearings, Minebea's Kurazawa factory acts as a "mother" plant on manufacturing systems, machinery and procedures.

The company tends to leave indigenous management in place after acquisitions. However, it replaced some managers at Hampshire Ball Bearing in the US after that operation failed to live up to expectations, but the replacements were also American.

Whatever Minebea's standing in Japan's business community, the policy of diversification through acquisition is set to continue. Bearings now account for some just 30 per cent of sales as against 40 per cent for electronics-related goods like keyboards and printers. "Electronics has become the new engine of company growth," says Minebea.

Like every other Japanese manufacturer, Minebea has to contend with the impact of the rising yen on its balance sheet. Its total yen sales dropped 6 per cent in 1986 - and its US operations were in loss that year. Total sales recovered by just 3 per cent in 1987. Its net profit last year was also much lower than it had predicted.

The company, though, seems to have unlimited belief in its ability to grow. "Takahashi would like to make it a ¥1,000bn company before he retires," says Mizukami. "His belief is that unless you are a big company you cannot enjoy business life in Japan."

Strategies for growth

'Unrelated' takeovers spell trouble

By Christopher Lorenz

ROLAND SMITH'S original career as a business school professor has had to take a back seat since he started collecting the chairmanships of one British company after another in recent years. But he would do well to remember his academic experience as he pursues the controversial plan of his latest charge, British Aerospace, to buy the Rover car group.

Ever since Smith was a relative unknown at Manchester University 15 years ago, an unbroken stream of research studies on both sides of the Atlantic has demonstrated beyond all doubt that takeovers of the BAe-Rover variety are even more fraught with risk than most acquisitions.

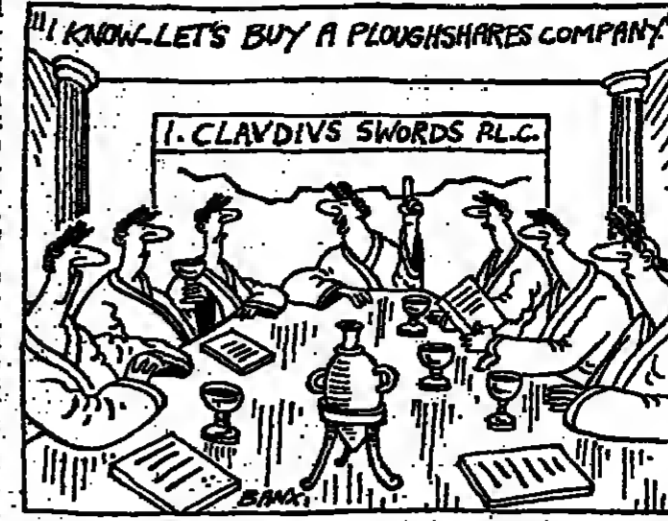
By the same token, the once-fashionable construction of a "balanced portfolio" of businesses, a strategy which has recently taken BAe into the Dutch construction industry - has been found to be much more dangerous than was once thought.

However loudly Smith and his supporters in Mrs Thatcher's Government may claim to see various "synergies" between the activities of BAe and Rover, these are difficult to detect and are improved.

In the jargon which Smith learned at Manchester, the two companies are at best "loosely related". By some definitions they are downright "unrelated". It is this category of acquisitions, especially when they are large, which run by far the greatest risk of failure.

Only a few paragon predators, such as America's United Technologies and Britain's Hanson, have succeeded in bucking this trend. To do so, they have had to amass unusually long experience of how to spot really suitable prey, and how then to digest them without dire results. BAe, by comparison, is a relative novice in the takeover game.

United Technologies, which makes Pratt & Whitney aero engines and a range of other high-tech products, was one of 88 large diversified US companies whose acquisition records, ever since 1966 were put under the microscope by the most recent exhaustive study. Conducted at the Harvard Business School under the leadership of Professor Michael Porter and published last year, it found that successful acquirers almost invariably diversify into related fields.



such as 3M, IBM and TRW "have terrible records when they have strayed into unrelated acquisitions," Porter reported.

By contrast, rampant diversifiers into unrelated fields such as Cummins Engine, Gulf & Western, General Mills and Exxon have had a remarkably poor takeover record, according to the Harvard study, which used the divestment rate of excise acquisitions as its prime measure of success and failure. By 1990 Cummins had divested all the unrelated acquisitions it had made since 1960, while Exxon, G & W and General Mills had each disposed of about 80 per cent of their non-core holdings.

Porter's conclusion was that the corporate portfolio strategy of many diversified companies "has failed - much diversification just doesn't work." Most such diversifiers "have failed to think in terms of how they really add value," he complained.

A parallel study** which examined the "value creation performance" of the acquisition programmes of 116 large US and UK companies to 1972, using finan-

cial measures, came to very similar conclusions. Carried out by McKinsey & Co, the management consultancy, the benchmark of success was a company's ability at least to earn back its cost of capital on the funds invested in its acquisition programme.

By this standard, more than 60 per cent of all acquisitions were failures, with large, unrelated takeovers by far the most risky category, at a failure rate of 86 per cent.

McKinsey says that predators can make three cardinal errors which keep them from generating enough cash flow adequately to offset stock market acquisition premiums. Some, such as Britain's Imperial Group with its disastrous takeover of the American Howard Johnson hotel/restaurant chain in 1990 (divested five bitter years later), commit all three gaffes.

First, acquirers can overestimate the potential for synergy. Imperial's knowledge of consumer markets proved irrelevant to the American hotel and fast-food markets, and HoJo was a drain on Imp's spare cash.

Second, market potential can be overestimated. Imps did not foresee how much of HoJo's hotel business would be lost in the economic wake of the 1979 oil shock. Similarly General Dynamics had unrealistic expectations that the aviation market would rebound when it bought Cessna Aircraft in 1985.

Third, integration after the takeover is often handled badly. Imps made this error with HoJo, says McKinsey, as did Schlumberger after its purchase of Fairchild Semiconductor.

One of McKinsey's contributions to the debate about the pros and cons of "related" versus "unrelated" acquisitions is to define a new category of "relatedness" which explains the success of Hanson and other companies in making and digesting takeovers which traditional definitions would classify as "unrelated".

In addition to the standard categories of relatedness of industry, technology and markets, McKinsey considers "relatedness of capital" in most takeovers. Thus Hanson tends to confine its attention to companies with a specific set of attributes even if they are in different industries, so that the post-acquisition process is always similar.

BAe and Rover may - just - manage to convince their critics that there is some "relatedness" between them, especially in terms of production technology and engineering. But it will be harder to establish many real examples of relatedness of managerial task, beyond the mundane and universal ones involved in the running of any assembly business.

** See *Harvard Business Review*, May-June 1982 (Reprint no 8703). ** Details from Robert Whiting, McKinsey & Co, 14 St James' Street, London SW1A 1PS. Tel: 01-539-9040.

Over-optimistic market appraisals General Dynamics/Cessna Raytheon/Boech	Over-estimating appraisals UTC/Mosvik Baxter Travenol/American	Poor post-acquisition integration Konnosco/Carborundum Xerox/Crum and Forster
Hospital Supplier Oil diversification USX/Airatron DuPont/Conoco Imps/Howard Johnson Source: McKinsey	Philip Morris/7-Up British Leyland/BMC Major UK brewers	Schlumberger/Fairchild Phillips/Pye Midland/Crocker

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Company Notices

THE COLNE VALLEY WATER COMPANY

NOTICE IS HEREBY GIVEN that the One Hundred and Sixty-fourth Ordinary General Meeting of the Shareholders of the Company will be held at the Principal Office of the Company, Blackwell House, Aldenham Road, Watford on Monday 29th March, 1988 at 12.30 p.m. for the following purposes:

- To receive and adopt the Report of the Directors and the Statement of Accounts For The Year ended 31st December, 1987.
- To confirm and endorse dividends.
- To elect a Director in place of Mr. [Name], who has resigned as Director.
- To elect a Director in place of Mr. [Name], who has resigned as Director.
- To appoint auditors in accordance with Section 294 of the Companies Act 1985.
- To authorize the directors to fix the remuneration of the auditors.
- To transact the ordinary business of the Company.

Dated this 4th day of March, 1988.
By Order of the Board
DAVID BACKHOUSE
Secretary

Blackwell House,
Aldenham Road,
WATFORD,
Herts. WD2 2EY.

Legal Notices

GFS (HOLDINGS) LIMITED

Registered number: 1916878

Former company name: Yorkshire Earthmovers Limited
Trading Name: Sand Bridge Construction
Nature of business: Construction

Trade classification: 23
Date of appointment of joint administrative receiver: 24 February 1988
Name of person appointing the joint administrative receiver: Lydia Bank Plc.
DAVID JOHN STOKES and ANTHONY JAMES WOOD
Joint Administrative Receivers
(Office holder Nos 300 and 301)
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81 10A

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22nd March 1988

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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Michael DiCerbo, "Infernus," acrylic on canvas, 1984. From the Refco Collection.

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COMMODITIES AND AGRICULTURE

Losses may force closure of Italian zinc producer

BY JOHN WYLES IN ROME

CONTINUING HEAVY losses may soon force the closure of Pertusola S.p.A., Italy's second largest zinc producer...

'Eroded capacity buoys metals'

BY KENNETH GOODING, MINING CORRESPONDENT

THE PRESENT HIGH prices for many mineral products could partly be traced to a gradual erosion of the mining industry's capacity to produce...

Rules delay irks brokers' association

BY DAVID BLACKWELL

THERE IS growing concern at the Association of Futures Brokers and Dealers that the Securities and Investment Board has not yet agreed on its financial requirements...

Tin Council challenges disclosure ruling

By Raymond Hughes, law courts correspondent

THE FIRST round of appeals in the tin litigation entered its final stage yesterday when the International Tin Council challenged a ruling that it must disclose the nature, value and location of its worldwide assets...

Pakistan focuses on farm exports

BY JOHN ELLIOTT IN ISLAMABAD

A MAJOR expansion of livestock and horticultural production is being planned by Pakistan as part of a new government policy which will aim to increase the country's annual agricultural growth rate from 4 per cent to 6 per cent by the year 2000...

Breaking new ground in vegetable marketing

BY BRIDGET BLOOM

THE TROUBLE with British farmers, Mr John MacGregor, Britain's Minister of Agriculture, is fond of telling them, is that they are very good at producing but much less adept at marketing what they grow...

Relief promised for Danish pig farmers

By Hilary Barnes in Copenhagen

DANISH PIG farmers, who are fearful that financial and political considerations together are about to induce a substantial reduction in their production, were promised some relief by Minister of Agriculture Laurits Toernaes yesterday...

No power

Yesterday the ITC argued that the judge had no power to make the order. In the last two weeks the three appeal judges have heard an appeal by MacLaine Watson against the High Court's refusal to appoint a receiver of an alleged ITC asset...

Those who were members under the old rules were clearly "fit and proper" to trade, but would have to satisfy new financial requirements rules which were not yet known, said Mr Annand. The AFBD did not have the template against which to assess a firm's capital resources...

WORLD COMMODITIES PRICES

LONDON MARKETS

ALUMINIUM PRICES fell at the LME on chart inspired selling and liquidation of long positions. The price of three-month 99.5 per cent pure aluminium declined by 53p to a tone to £1,163.25...

Table with columns: Commodity, Price, Change. Includes items like Copper, Lead, Zinc, Tin, Aluminium, and various oil products.

COCOA & RUBBER

Table with columns: Commodity, Price, Change. Includes Cocoa (various grades), Rubber (various grades), and other commodities.

LONDON METAL EXCHANGE

Table with columns: Commodity, Price, Change. Includes various metal grades and exchange rates.

POTATOES & SOYABEANS

Table with columns: Commodity, Price, Change. Includes Potato futures and Soyabean meal prices.

US MARKETS

Table with columns: Commodity, Price, Change. Includes US Gold, Silver, and various agricultural products.

CHICAGO

Table with columns: Commodity, Price, Change. Includes Chicago Soyabean meal, Wheat, and other grain prices.

NEW YORK

Table with columns: Commodity, Price, Change. Includes New York Gold, Silver, and other market prices.

Table with columns: Commodity, Price, Change. Includes various international commodity prices and exchange rates.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Bank sells sterling

STERLING WAS held below DM3.00 through intervention by the Bank of England yesterday. The authorities made it clear at a very early stage in the day that they were determined to try and stop the pound establishing itself above that level.

The day's dealers suggested that the general lack of interest was likely to last until the release of US trade figures, since this was the primary factor affecting the dollar.

The US unit finished at DM1.6925 compared with 1.6925 elsewhere in the market. Elsewhere it closed at SF1.4065 from SF1.3990 and FF15.7975 from FF15.7975. On Bank of England figures, the dollar's exchange rate index was unchanged at 94.6.

FINANCIAL FUTURES

Lacking fresh factors

TRADING IN financial futures was very dull yesterday, lacking any new factors. Dealers were at a loss to find any reason for movements in the market, and continued to await events later this month, including the UK Budget on March 15 and the US trade figures on March 17.

Most volume has now transferred to June settlement. Long term bills for June delivery opened slightly easier at 121.29 on Liffe, and touched a low of 121.21, before closing at 121.21, against 121.31 on Wednesday.

Japanese Government bond futures had a nervous tone, with the June contract opening at 107.85, and falling to 107.92, but closing above Wednesday's level of 107.65.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European Currency Unit Rates for various countries including Belgium, France, Germany, Italy, etc.

POUND SPOT - FORWARD AGAINST THE POUND

Table showing Pound Spot - Forward Against the Pound rates for various periods.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Table showing Dollar Spot - Forward Against the Dollar rates for various countries.

CURRENCY RATES

Table showing Currency Rates for various countries including Australia, Canada, Hong Kong, etc.

CURRENCY MOVEMENTS

Table showing Currency Movements for various countries.

OTHER CURRENCIES

Table showing Other Currencies including Argentina, Brazil, Canada, etc.

EXCHANGE CROSS RATES

Table showing Exchange Cross Rates for various currencies.

MONEY MARKETS

FT LONDON INTERBANK FIXING (11.00 a.m. Mar 3) 3 months US dollar: 64 1/4 offer 64 1/2

NEW YORK (Lynchburg)

Table showing New York (Lynchburg) market data including Treasury bills and bonds.

FT LONDON INTERBANK FIXING

Table showing FT London Interbank Fixing rates for various currencies.

NEW YORK (Lynchburg)

Table showing New York (Lynchburg) market data including Treasury bills and bonds.

LONDON MONEY RATES

Table showing London Money Rates for various currencies.

FT LONDON INTERBANK FIXING

Table showing FT London Interbank Fixing rates for various currencies.

NEW YORK (Lynchburg)

Table showing New York (Lynchburg) market data including Treasury bills and bonds.

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LIFFE LOW GILT FUTURES OPTIONS

Table showing Liffe Low Gilt Futures Options data.

LIFFE TREASURY BOND FUTURES OPTIONS

Table showing Liffe Treasury Bond Futures Options data.

LIFFE FT-SE INDEX FUTURES OPTIONS

Table showing Liffe FT-SE Index Futures Options data.

LIFFE EUROSTOCK FUTURES

Table showing Liffe Eurostock Futures data.

LIFFE SHORT STERLING

Table showing Liffe Short Sterling data.

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Advertisement for WAVE ANALYSIS, stating 'Are You On The Right Wave length? WAVE ANALYSIS'.

Advertisement for FINANCIAL FUTURES & OPTIONS, mentioning 'MAGAZINE PUBLISHING' and 'The Financial Times proposes to publish this survey on'.

Advertisement for BANK OF AMERICA GLOBAL TRADING ECONOMICS DEPT., LONDON, with the slogan '\$ WORLD VALUE OF THE DOLLAR'.

Large table titled 'WORLD VALUE OF THE DOLLAR' showing exchange rates for various countries and currencies.

BASE LENDING RATES

Table of base lending rates for various banks including ABN Bank, Adco & Company, Allied Irish Bank, etc.

The European Options Table was not available for this edition

DESIGN IN BRITISH INDUSTRY

The Financial Times proposes to publish this survey on:

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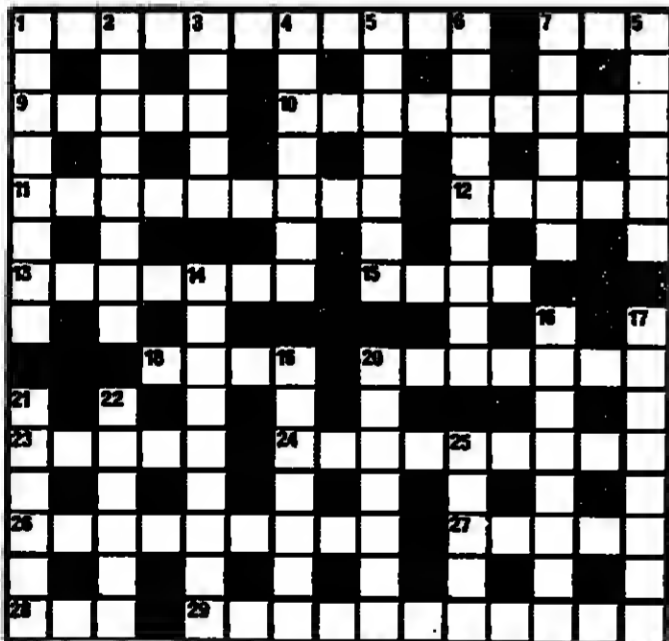
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Table showing classified advertisement rates for different categories like Appointments, Commercial and Industrial Property, etc.

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RECORD SLASHING... DOWN 1 Meaning the room has got in a mess (8) 2 It's not fair for me to use this (8) 3 Sign for a note in Italian money (5) 4 Yearned anew for clerical office (7)

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Large table listing various unit trusts, their managers, and performance data. Includes columns for trust names, managers, and dates.

Handwritten signature or mark at the bottom of the page.

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, Manager, and other details.

Table of London Share Service, including sections for British Funds, Foreign Bonds & Rails, and Americans, with columns for Name, Price, and Yield.

Table of Money Market Trust Funds and Bank Accounts, listing various financial products and their details.

LONDON SHARE SERVICE

AMERICANS - Cont'd

Table with columns: 1987/88, 1987/88, Stock, Price, % Chg, Div, Yield, P/E. Lists various American companies like IBM, Microsoft, etc.

BUILDING, TIMBER, ROADS - Cont'd

Table with columns: 1987/88, 1987/88, Stock, Price, % Chg, Div, Yield, P/E. Lists building and construction companies.

DRAPERY AND STORES - Cont'd

Table with columns: 1987/88, 1987/88, Stock, Price, % Chg, Div, Yield, P/E. Lists drapery and retail stores.

ENGINEERING - Cont'd

Table with columns: 1987/88, 1987/88, Stock, Price, % Chg, Div, Yield, P/E. Lists engineering firms.

INDUSTRIALS (Miscel.) - Cont'd

Table with columns: 1987/88, 1987/88, Stock, Price, % Chg, Div, Yield, P/E. Lists various industrial companies.

INDUSTRIALS (Miscel.) - Cont'd

Table with columns: 1987/88, 1987/88, Stock, Price, % Chg, Div, Yield, P/E. Lists various industrial companies.

CANADIANS

Table with columns: 1987/88, 1987/88, Stock, Price, % Chg, Div, Yield, P/E. Lists Canadian companies.

BANKS, HP & LEASING

Table with columns: 1987/88, 1987/88, Stock, Price, % Chg, Div, Yield, P/E. Lists banks and leasing companies.

ELECTRICALS

Table with columns: 1987/88, 1987/88, Stock, Price, % Chg, Div, Yield, P/E. Lists electrical companies.

CHEMICALS, PLASTICS

Table with columns: 1987/88, 1987/88, Stock, Price, % Chg, Div, Yield, P/E. Lists chemical and plastic companies.

FOOD, GROCERIES, ETC

Table with columns: 1987/88, 1987/88, Stock, Price, % Chg, Div, Yield, P/E. Lists food and grocery companies.

DRAPERY AND STORES

Table with columns: 1987/88, 1987/88, Stock, Price, % Chg, Div, Yield, P/E. Lists drapery and retail stores.

BEERS, WINES & SPIRITS

Table with columns: 1987/88, 1987/88, Stock, Price, % Chg, Div, Yield, P/E. Lists beer, wine, and spirit companies.

BUILDING, TIMBER, ROADS

Table with columns: 1987/88, 1987/88, Stock, Price, % Chg, Div, Yield, P/E. Lists building and construction companies.

ENGINEERING

Table with columns: 1987/88, 1987/88, Stock, Price, % Chg, Div, Yield, P/E. Lists engineering firms.

HOTELS AND CATERERS

Table with columns: 1987/88, 1987/88, Stock, Price, % Chg, Div, Yield, P/E. Lists hotels and catering companies.

INDUSTRIALS (Miscel.)

Table with columns: 1987/88, 1987/88, Stock, Price, % Chg, Div, Yield, P/E. Lists various industrial companies.

INSURANCES

Table with columns: 1987/88, 1987/88, Stock, Price, % Chg, Div, Yield, P/E. Lists insurance companies.

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LONDON SHARE SERVICE

Handwritten note: "Handwritten note in the top right corner of the page, possibly a date or reference number." (Note: The image shows a handwritten note that is partially obscured and difficult to read, but it appears to contain some text and possibly a date.)

INSURANCES - Contd

Table listing insurance companies and their share prices, including details like company names and numerical values.

PAPER, PRINTING, ADVERTISING - Contd

Table listing companies in the paper, printing, and advertising sectors, with columns for company names and prices.

TEXTILES - Contd

Table listing textile companies and their share prices.

TRUSTS, FINANCE, LAND - Contd

Table listing trusts, finance, and land-related companies and their share prices.

OIL AND GAS - Contd

Table listing oil and gas companies and their share prices.

MINES - Contd

Table listing mining companies and their share prices.

LEISURE

Table listing leisure companies and their share prices.

PROPERTY

Table listing property-related companies and their share prices.

TOBACCO

Table listing tobacco companies and their share prices.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land-related companies and their share prices.

OVERSEAS TRADERS

Table listing overseas trading companies and their share prices.

PLANTATIONS

Table listing plantation companies and their share prices.

MOTORS, AIRCRAFT TRADES

Table listing motor and aircraft trade companies and their share prices.

COMMERCIAL VEHICLES

Table listing commercial vehicle companies and their share prices.

COMPONENTS

Table listing component companies and their share prices.

MINES

Table listing mining companies and their share prices.

NEWSPAPERS, PUBLISHERS

Table listing newspaper and publishing companies and their share prices.

PAPER, PRINTING, ADVERTISING

Table listing paper, printing, and advertising companies and their share prices.

SHIPPING

Table listing shipping companies and their share prices.

SHOES AND LEATHER

Table listing shoe and leather companies and their share prices.

SOUTH AFRICANS

Table listing South African companies and their share prices.

TEXTILES

Table listing textile companies and their share prices.

REGIONAL & IRISH STOCKS

Table listing regional and Irish stocks and their share prices.

TRADITIONAL OPTIONS

Table listing traditional options and their share prices.

NOTES

Notes section providing additional information and commentary on the market data.

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LONDON STOCK EXCHANGE

Bonds neglected and profit-takers appear after another advance in share prices

Account Dealing Dates
Options
First Declared Last Account
Dealing Mar 3 Mar 4
Feb 27 Mar 17 Mar 18 Mar 28
Mar 21 Apr 1 Apr 8 Apr 18

Another powerful advance in the UK equity market ran out of steam towards the close when buying support cooled off in the face of a dull start on Wall Street. Confidence that share prices will remain firm in the run-up to Budget Day appeared undimmed, however, and equity turnover continued to expand.

Although share prices reacted sharply at the end of the day, the market consolidated just above FT-SE 100, regarded as another important testing level, and the shakeout appeared to be no more than an expected check following the successful move into new territory.

The opening of new-time business for the Budget trading account in the equity market, which begins on Monday, brought in the expected buyers whose impending appearance helped spur the market ahead on Wednesday. Turnover slackened off as the market slipped back, but the seaq share volume total of 578.7m (at 5.00pm), exceeded yesterday's figure signalling the busiest session of this year.

The FT-SE 100 Index closed a net 4.6 up at 1813.3 after falling away steadily during the afternoon. The day's peak, of 1826.4, came early as the market celebrated the arrival of the new-time buyers, who were closely followed by good trading results from Royal Dutch/Shell.

Once again, equities were helped for much of the session by a healthy premium on the March contract on the FT-SE 100 Index. But the premium melted away when Wall Street opened, and the contract dipped through the resistance level of 181, to finish at 180.8 - 180.9, a discount against the underlying index.

Traders said there was little selling pressure as the stock market backedtracked from its highs, and pointed out that today brings the end of a successful equity



market trading account, with ample opportunities for profit-taking. The blue chip stocks continued to hog the market's attention, with second line issues slow to follow the market uptrend. Consequently, Wall Street's initial uncertainty brought a swift reaction in such international favourites as ICI and Glaxo, both of which have been heavily bought from the US in recent sessions.

Takeover activity, after regarded as a sign of a confident equity market, flared up again. BAT Industries announced a revised offer for Farmers Group and Beazer also commenced a major takeover move in the US, while RTZ's sale of Castle Cement set in train a major shift in the domestic cement industry.

Once again, the Government bond market was overshadowed by the revived institutional interest in equities. With the US Federal markets also quieter, UK Gilts appeared to lose momentum, although the firmness of sterling kept bond prices firm.

With the pound bumping DM 2.00, there is no way that UK base rates can rise, commented one dealer. Long dated bonds put on a so-so as dealers kept a wary eye on prospects for a new top stock this afternoon. Among the index-linked issues the 96 issue continued to edge ahead, putting on 1/2 point. But the rest of the sector was neglected and closed a shade lower on the day.

Plessey remained the focus of attention in the electronics sector as imminent raid on the shares, after the recent stake-building exercise, continued to swirl. The share price, exceptionally strong late on Wednesday when talk suggested the so-called 'raid' would arrive yesterday, initially touched 170p before dipping swiftly to end the session a net 5/2 off at 168p; turnover was 7.6m shares, well down on previous day's 14m.

STC, regarded by many observers as a favourite to launch a bid and to have built the stake of around 4 per cent in Plessey, drifted back 3 to 247p with turnover totalling 1.3m shares. RTZ, the mining and industrial group, touched 375p prior to closing 20 higher at 370p on news that the company had agreed to sell its subsidiary Castle Cement, the UK's second largest cement producer, to Aker Norway and Euroc of Sweden, which will each own 50 per cent. RTZ will collect £230m, which includes the repayment of debt by Castle.

Dealings in Aker and Euroc were suspended yesterday pending details of the deal and this prompted strong speculative buying of Rugby, another UK cement producer seen as a possible target for a consortium bid. Rugby were bought up to 271p ahead of the RTZ announcement, but fell back as takeover hopes were dashed to close only 3 higher on balance at 260p.

FINANCIAL TIMES STOCK INDICES table with columns for Mar 3, Mar 2, Mar 1, Feb 29, Feb 26, Year Ago, 1987/88, and Stock Compilation. Includes sub-tables for S.E. ACTIVITY and LONDON REPORT AND LATEST SHARE INDEX.

LONDON REPORT AND LATEST SHARE INDEX: TEL 0898 123001
Banks 100 Govt. Secs 15/10/26, Fixed Int. 19/28, Ordinary 17/75, Gold Mines 12/9/55, S.E. Activity 19/74, * Nil - 10.08.
Day's High 1478.6
Day's Low 1462.0

when Rover discloses its profits statement. Anket Associates, the diversified building group, made a bright market debut, the shares, placed at 85p, opened at 89p and progressed to 108p prior to closing at 104p.

R.T. Hughes and Norfolk House, the two Unlisted Securities Market newcomers, also fared well. The former, a waste management group, touched 80p before settling at 78p, compared with a placing price of 66p, while the latter, an operator of service stations, opened around the placing price of 100p and moved ahead to 111p at one point before finishing at 109p.

Recently-firm Cadbury Schweppes encountered light profit-taking and settled 3 cheaper at 267p following preliminary profits bang in line with market estimates.

Among Food Retailers, J. Sainsbury attracted good support and gained 11 to 235p following 'buy' recommendations from James Capel, the agency brokers, and Warburg, the securities house.

Tesco, the food chain, was up 4 and ASDA-MFI added 2 to 170p. Both companies are favoured by Phillips and Drew, the securities house.

Ranks Hovis McDougall touched 327p prior to closing 2p dearer at 329p ahead of a City seminar. International stocks enjoyed early solid support, but settled below the best as early Wall Street influences came into play.

Glaxo, up to £11 1/4 initially on attempted UK covering of a US short position, were finally higher at £11 1/2, the interim results are due on March 14. Fisons, a pharmaceutical group, was up 3 to 249p on further consideration of the recent results and Beecham rose a similar amount to 474p.

Christies International, a rising market recently, raced up to 655p before closing a net 30p up at 684p as Phillips Son & Drew, the privately-owned auctioneers, disclosed a 'strategic' 5.06 per cent in the Ordinary shares of the company.

Hanson settled 3 lower at 140p on a turnover of 10m shares as

rumours emanating from Wall Street overnight that the company is in discussions with Carlin, the chairman of TWA about making a friendly joint offer for Texaco began circulating. Hanson and TWA refused to comment.

Lex Service revealed annual profits a shade below the median forecast but the shares advanced strongly as analysts began to upgrade this year's estimates in view of continued buoyancy in the group's automotive activities. The close was 17 up at 940p.

Associated Newspapers staged a revival, helped by talk of an impending broker's circular to settle 9 up at 456p while United Newspaper rose 7 to 458p ahead of the preliminary statement, due on March 30. Reed International were bought again, although market-makers dismissed stories of newspaper predators building up stakes, and the close was 9 higher at 451p. Annual results substantially above the highest market estimate encouraged a resumption of interest in WPP. 11 better at 555p while FBK jumped 20 more for a two-day rise of 45 to 270p.

F & O shares continued to emerge from the shadow of the Zebruggie disaster. Traded option activity continued to expand, the total number of contracts rising to 35,887 comprising 25,003 calls and 10,884 puts. The FTSE contract saw a revival, helped by talk of an impending broker's circular to settle 9 up at 456p while United Newspaper rose 7 to 458p ahead of the preliminary statement, due on March 30. Reed International were bought again, although market-makers dismissed stories of newspaper predators building up stakes, and the close was 9 higher at 451p. Annual results substantially above the highest market estimate encouraged a resumption of interest in WPP. 11 better at 555p while FBK jumped 20 more for a two-day rise of 45 to 270p.

First dealings Feb 29
Last dealings Mar 11
Last declarations Jun 2
For Settlement Jun 13
For rate indications see end of London Share Service

Money was given for the call of Eurobond, Euronote of London, Amstrad, MBS, Cammian Venture Capital, Barratt Developments, Wheway, Sound Diffusion, Stornagard, Mersey Dock units, Scottish & Newcastle and Eagle Trust. A double was arranged in BP party-paid.

Trading volume in major stocks
The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Table of trading volume in major stocks with columns for Stock, Volume, and Price.

Table of RISES AND FALLS YESTERDAY with columns for Rises, Falls, and Same.

LONDON RECENT ISSUES

Table of LONDON RECENT ISSUES with columns for Issue, Price, and Yield.

Table of RIGHTS OFFERS with columns for Issue, Price, and Yield.

Table of FIXED INTEREST STOCKS with columns for Issue, Price, and Yield.

Financial Times provides information on various financial instruments and market movements.

FT - ACTUARIES INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table of EQUITY GROUPS & SUB-SECTIONS with columns for Index, Day's Change, and Year Ago.

FIXED INTEREST

Table of FIXED INTEREST with columns for Price, Day's Change, and Yield.

Financial Times provides information on various financial instruments and market movements.

LONDON TRADED OPTIONS

Table of LONDON TRADED OPTIONS with columns for Option, Calls, and Puts.

NEW HIGHS AND LOWS FOR 1987/88

Table of NEW HIGHS AND LOWS FOR 1987/88 with columns for High and Low.

Financial Times provides information on various financial instruments and market movements.

Table of EQUITIES with columns for Issue, Price, and Yield.

Table of RIGHTS OFFERS with columns for Issue, Price, and Yield.

Table of FIXED INTEREST STOCKS with columns for Issue, Price, and Yield.

Financial Times provides information on various financial instruments and market movements.

WORLD STOCK MARKETS

AMERICA

Table of American stock market data including Dow Jones, S&P 500, and various sector indices.

FRANCE

Table of French stock market data including CAC 40 and various sector indices.

GERMANY (continued)

Table of German stock market data including DAX and various sector indices.

NETHERLANDS (continued)

Table of Dutch stock market data including AEX and various sector indices.

SWITZERLAND (continued)

Table of Swiss stock market data including SMI and various sector indices.

CANADA

Table of Canadian stock market data including TSX 300 and various sector indices.

EUROPEAN (continued)

Table of European stock market data including various regional indices.

ASIA (continued)

Table of Asian stock market data including various regional indices.

AUSTRALIA (continued)

Table of Australian stock market data including ASX 200 and various sector indices.

JAPAN

Table of Japanese stock market data including Nikkei 225 and various sector indices.

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Table of American stock market data including Dow Jones, S&P 500, and various sector indices.

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Table of European stock market data including various regional indices.

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Table of Asian stock market data including various regional indices.

AUSTRALIA (continued)

Table of Australian stock market data including ASX 200 and various sector indices.

JAPAN

Table of Japanese stock market data including Nikkei 225 and various sector indices.

CANADA TORONTO Closing prices March 3. Table listing various Canadian stocks and their closing prices.

OVER-THE-COUNTER Nasdaq national market, closing prices. Table listing various over-the-counter stocks and their closing prices.

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Indices NEW YORK DOW JONES. Table showing various stock market indices and their performance.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table of stock closing prices with columns for stock name, price, and change. Includes sub-sections for G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z.

Continued on Page 41



NYSE COMPOSITE CLOSING PRICES

Table of NYSE Composite Closing Prices. Columns include Stock, High, Low, Last, and Change. Includes sub-section 'Continued from Page 40'.

AMEX COMPOSITE CLOSING PRICES

Table of AMEX Composite Closing Prices. Columns include Stock, High, Low, Last, and Change.

OVER-THE-COUNTER Nasdaq national market, closing prices

Table of Over-the-Counter (Nasdaq) Closing Prices. Columns include Stock, High, Low, Last, and Change.

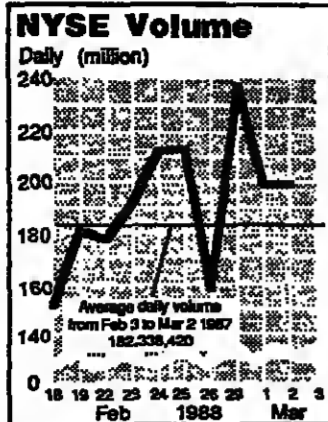
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AMERICA

Sellers win tug-of-war with buyers as Dow closes down

Wall Street

IN A TUG-OF-WAR between buyers and sellers yesterday on Wall Street, sellers finally got the upper hand and pushed the market down in late trading...



only slight rises in retail sales for February. Sears Roebuck dropped 3/4 to \$38 1/2 after news that its sales were 2.5 per cent higher than February last year...

THE SEARCH for a new direction kept Frankfurt and Paris in check yesterday, and most markets reported moderate turnover. In Zurich, however, volume reached its highest post-crash level...

The Credit Suisse index added 2.6 to 467.3. Late selling of blue chips, especially by overseas investors, kept it from rising...

EUROPE

Turnover hits a post-crash high in Zurich

London

BLUE CHIP stocks continued to dominate market trading in London yesterday, with the FT-SE 100 index adding 4.6 to 1,813.3 in reduced turnover...

Most of the selling took place in the first half of the month, with government securities the hardest hit, so the news for equities was not as bad as at first glance, said one analyst...

trading. Takeover target Société Générale de Belgique, still suspended on the main market, added BF60 to BF7,990 on the cash market...

Canada

ADVANCES in base metals and goods carried Toronto stocks slightly higher after a quiet session. The composite index gained 3.01 to close at 3,331.16 as advances outpaced declines...

William Dullforce examines a change of tack by foreign investors

Cautious return to Switzerland

SWITZERLAND'S stock market is starting to win back overseas investors, but the pre-crash days of aggressive buying are over and caution is the catchword.

finally bottomed out after a 38 per cent slump in the Swiss Bank Corporation index from its high on October 5.

Part of the pattern is no doubt accounted for by short-term profit-taking in registered stocks by domestic institutions and by a fairly quick rotation among sectors by investors, suggesting confidence is still fragile.

OSLO closed higher in active trading, with investors returning to the market after Parliament's approval of a temporary wage and earnings freeze, aimed at tackling the country's economic problems.

ASIA

Bank's warning unnerves investors

Tokyo

WARNINGS from Bank of Japan sources about the Tokyo market's recent sharp rise unsettled investors yesterday and erased morning gains, pulling the Nikkei average lower...

active stock with 48.16m shares changing hands - a steep fall from more than 100m on Wednesday - lost Y7 to Y354, while Sumitomo Metal Industries, with 43.19m shares, lost Y3 to Y230.

rise to 1,529.4 although gold shares were mixed. CRA, the big mining group, was steady at A\$5.70 following its record 1987 earnings.

Australia

SELLERS moved in to lift shares off their peaks but the market still managed to close higher. The All Ordinaries index finished up 7.8 at 1,293.7 in solid turnover of 126m shares.

Hong Kong

PROFIT-TAKING by local investors was balanced by fresh interest from overseas institutions, notably in the US, and shares ended mixed.

Singapore

BARGAIN-HUNTERS caused a sharp rise in prices across the board in moderate Singapore trading before today's Budget.

Seoul

PRICES recovered on the South Korean market after a four-day setback as institutions started to buy again. The composite stock index rose 4.77 to 613.01.

Jitters over Indian budget

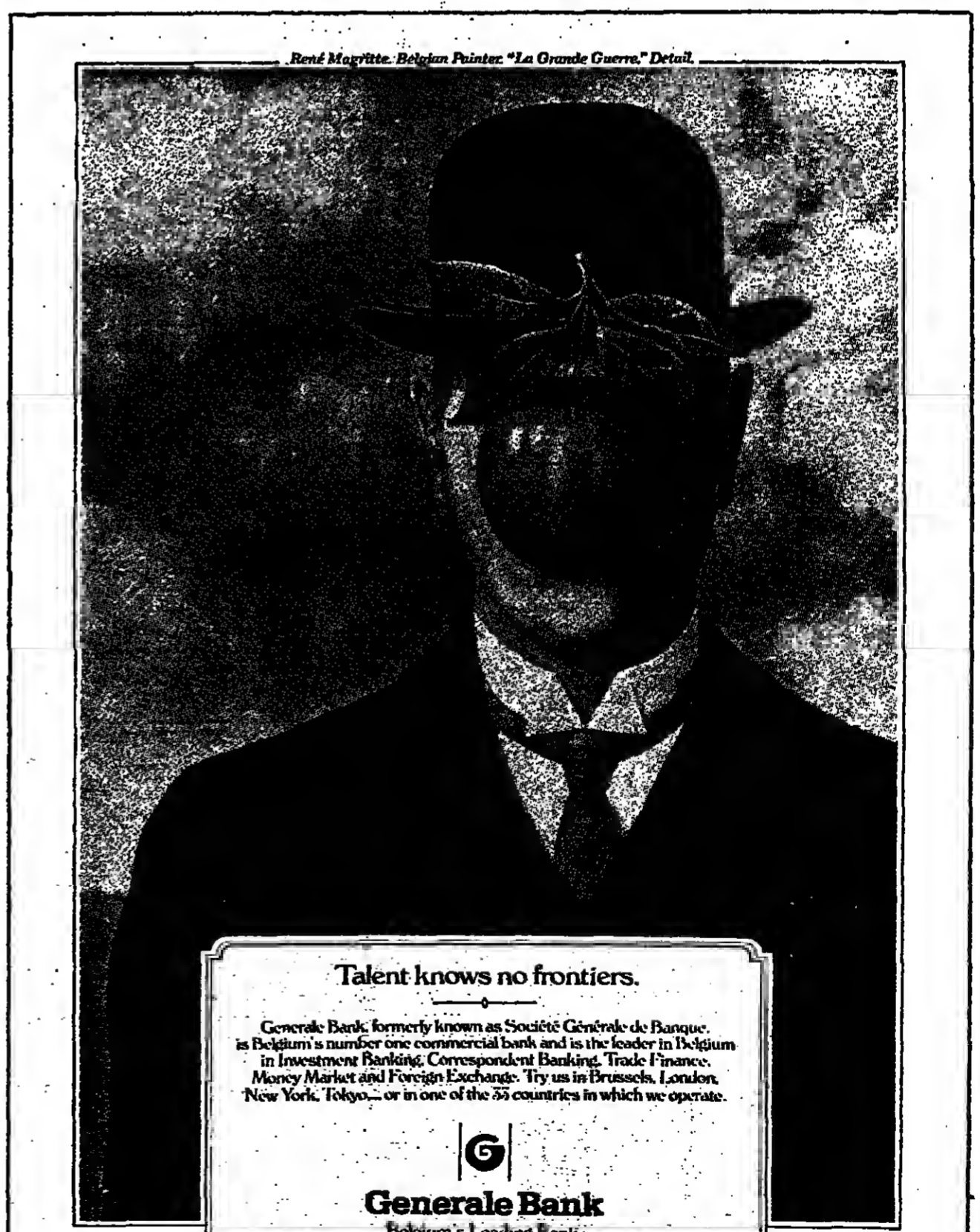
INDIAN stock markets reacted coolly to fiscal measures announced by the Government on Monday to stimulate economic growth, writes R.C. Murphy in Bombay.

FT - ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Table with columns for NATIONAL AND REGIONAL MARKETS, THURSDAY MARCH 3 1988, WEDNESDAY MARCH 2 1988, and DOLLAR INDEX. Rows list various countries and indices with their respective values and changes.

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US \$ Index), 90.791 (Pound Sterling) and 94.94 (Local). Copyright: The Financial Times, Goldman, Sachs & Co., Wood Mackenzie & Co. Ltd. 1987.



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